



Daily Report

Latin America

FBIS-LAT-95-064
Tuesday
4 April 1995

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Cuba

Deputy Minister Reiterates Determination To Join Region

FA0204022895 Havana PRENSA LATINA in Spanish
2128 GMT 31 Mar 95

[FBIS Translated Text] Santiago, Chile 31 Mar (PL)—Cuba is determined to join Latin America and the world, but by maintaining the essence of its values, objectives, and ideals, Fernando Ramirez De Estenoz, Cuban first deputy minister of foreign relations, has said in this capital.

In various interviews granted to the local press, the official stated that the step his country took by signing the Tlatelolco Treaty for the elimination of nuclear arms in the region is an indication of the importance Havana grants to the community of Latin American and Caribbean countries.

The first deputy minister of foreign relations participated as an observer in the 14th Conference of the Organization To Ban Nuclear Weapons in Latin America (OPANAL), held from 28 to 30 March in Vina del Mar.

We practically maintain diplomatic relations with the entire continent, Ramirez De Estenoz told the Chilean daily EL MERCURIO, and a great number of these countries have also condemned the blockade and isolation of our nation.

This is why we signed the treaty, in spite of the fact that the United States maintains the same policy of hostility and blockade against my fatherland and continues to occupy illegally a part of Cuban territory, he recalled.

Regarding the ties between his government and the Chilean Government, the deputy minister of foreign relations told the morning paper LA EPOCA that they have continued in the economic, commercial, and cultural areas.

He added that regarding investments, there is a lot of room for Chilean enterprises on the Caribbean island.

Crombet Summarizes Parliamentary Conference Achievements

FL0304214895 Havana Radio Rebelde Network in Spanish 1700 GMT 2 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] The Cuban delegation to the interparliamentary conference that ended on Saturday [1 April] will return to Cuba on 3 April. Jaime Crombet, vice president of the National Assembly of the People's Government, tells us about the event:

[Begin Crombet recording] The conference discussed three main issues: natural disasters and manmade disasters, bioethics and their relation to human rights, and the topic of women's rights worldwide.

Every nation participated in the general discussion of the political situation. The Cuban delegation spoke, especially on the issues of natural disasters, the consequences of armed conflicts, and bioethics. We also participated in the general debates on these issues. Our participation was well received and our presentations were helpful in preparing the conference's final resolutions, which were approved on 1 April.

The Cuban delegation also met with numerous other delegations from every continent. The agenda for the October 1995 interparliamentary conference to take place in Bucharest, Romania was approved during the final session as well. That conference will address topics such as corruption, politics, drug trafficking, and social development, as a continuation of the accords signed during the social development summit in Copenhagen. [end recording]

Mexico's PAN Bloc Leader Interviewed on Visit

PA0204022695 Havana Radio Havana Cuba in Spanish
0100 GMT 31 Mar 95

[Report by Barbara Bethancourt, from the "Evening Information Review" newscast]

[FBIS Translated Text] A delegation of 21 senators of Mexico's National Action Party [PAN] arrived this Thursday [30 March] in Havana at the invitation of the Cuban parliament. The delegation of legislators is led by Enrique Gabriel Jimenez Remus, PAN bloc coordinator at the Mexican Senate.

[Begin recording] [Jimenez] We are very happy with this first visit, which I call an unprecedented visit. This is the first time that a group of legislators of the PAN, the largest opposition party and second largest political force in my country, comes here to establish ties with the deputies of the National Assembly of the People's Government and with other government sectors.

There is a possibility that we may hold an interview with Commander Castro, president of the Republic. I think we will begin a lengthy tour, which I hope will be very fruitful for both the peoples of Mexico and Cuba. We represent an opposition party in Mexico that is interested in and cares about the Cuban situation. We want, among other things, to clearly establish—as we have done in the past—our stand against the criminal embargo against the island of Cuba.

[Unidentified reporter] What issues would you like to discuss with President Fidel Castro?

[Jimenez] The aforementioned issue, among others. I think we will also have to look into the possibility of pushing or supporting a consolidated Latin American action so that all Latin American parliaments issue a pronouncement against the embargo. I think this will happen sooner than you think, because, I repeat, the continuation of this embargo against Cuba is criminal. I

think this will be another topic we may discuss with the president of the Republic of Cuba.

[Reporter] Is there any reason for the presence of practically all PAN bloc legislators here?

[Jimenez] Yes, of course. First, we are here at the very kind invitation of the president of the Republic, which he extended when he attended the inauguration of Mexican President Zedillo on 1 December. This invitation was formalized at the generous invitation of the Ricardo Alarcon De Quesada, president of the National Assembly. All this was coordinated through the Cuban Embassy in Mexico.

It should be pointed out that all recent Cuban envoys to Mexico have maintained excellent relations with the PAN.

[Reporter] [words indistinct] is experiencing a crisis. Could you tell us if this situation the Mexican people are experiencing today may, to some degree, adversely affect relations with Cuba?

[Jimenez] I do not think so. No, no, no. I think that the relations of Cuba with Mexico are stronger each day, are viewed upon with great sympathy and solidarity. No, I do not think this Mexican crisis will affect relations with Cuba.

Now, you also asked my why the group came here; first, because we accepted this invitation and, second, you must understand that our popularity is increasing in Mexico. Our political group is becoming more accepted each day by Mexican citizens. We feel we represent a real option of power in Mexico. Since it all seems to indicate that in the year 2000 we may come to power, we are gradually exercising our foreign relations through this parliamentary group.

On the other hand, it is an indication of affection for the entire legislative bloc of a political party to come to Cuba.

[Reporter] How does the PAN view the proposal of the Zedillo government regarding the beginning of a second phase of the Tlatelolco Treaty against conventional arms in Latin America?

[Jimenez] I think Cuba is viewing this issue with more sympathy. We have always established that disarmament is the minimum requirement for all Ibero-American people to sit down and talk to each other in a civilized and democratic manner.

Therefore, I think that this second phase of negotiations of the Tlatelolco Treaty at the Latin American level should be starting very soon.

[Reporter] Will you also promote any commercial or economic initiatives?

[Jimenez] If we, as an opposition party parliamentary group, are asked to do something in favor of the Cuban people, we will proceed to do it immediately. [end recording]

From now until Sunday evening, when they are expected to return, the Mexican parliamentary delegation will meet with Cuban lawmakers, as well as the ministers of foreign relations, foreign investments, and tourism. They will also meet with the director of the National Cuban Writers and Artists Union and Vice President Carlos Lage.

Police Officials Discuss 1994 Results, 1995 Goals

FL0304135295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 1 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] The crime fighting level achieved by the National Revolutionary Police [PNR] during 1994 is being discussed by the PNR heads of the 14 provinces during a three-day assessment meeting in Havana City.

Some of the goals of this assessment meeting are finding ways to influence the preventive systems of society, to unite police work with the Unified Vigilance and Protection System, and to perfect the whole mechanism to confront crime. The national PNR directorate declared to this newscast that they feel satisfied with the results of this meeting.

[Begin unidentified speaker recording] I believe it has been positive. It has been positive because of the content of the topics discussed, because of its magnitude, because of the participation and the seriousness, because we started with practical experience, and because we have discussed what we want to accomplish in 1995. [end recording]

Through the presentations it was clear that it is necessary to reach a higher level in the fight against crime. That is the goal of the PNR for the current year.

[Begin unidentified speaker recording, in progress] ... elevate our level in the fight against crime and with our efforts catch more criminals, which means less impunity. [end recording]

Foreign Trade Minister Completes Visit to Germany

FL0304234595 Havana Radio Rebelde Network in Spanish 1700 GMT 2 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] Ricardo Cabrisas, Cuban minister of foreign trade, has ended an official visit to Germany, where he met important bank officials, officers of the German Association for Latin America, and people from Hamburg. Cabrisas also met with managers of several enterprises and private businesses to discuss the strengthening of trade and bilateral relations. Cabrisas remained in Hamburg for approximately 24 hours after arriving from a visit to Stuttgart, capital of

Baden-Wurttemberg, where he met with German Economic Minister [title as heard] Dieter Spranger. The Cuban Embassy in Bonn stated that they discussed the current Cuban situation and prospects available to German industry in Cuba.

Finance Ministry Official To Arrive in Vietnam

FL0304141195 Havana Radio Rebelde Network in Spanish 1155 GMT 2 Apr 95

[From the "Doing Radio" program]

[FBIS Translated Text] The Cuban Embassy in Hanoi announced on 2 April that Vietnam and Cuba will exchange economic experts while the reorganization process continues in both countries.

Diplomatic sources told PRENSA LATINA that a delegation of experts headed by Angel Perez, Cuban vice minister of finances and prices, will arrive in Hanoi in a few days. Finances and prices, as well as foreign investment will be the focus of discussion.

Vietnam and Cuba have been readjusting their economies in different ways following the fall of the Eastern European socialist community. Both countries had to change their imports and exports, and implement intermediate measures to maintain what they had accomplished up until 1990 on their way toward development with socialist foundations.

Cabrisas Visits London To Promote Bilateral Exchange

FL0404021295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 4 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] In response to an invitation from the Government of Great Britain, Cuban Foreign Trade Minister Ricardo Cabrisas today commenced his visit to London. Cabrisas is scheduled to hold meetings with Trade and Industry and Foreign and Commonwealth Affairs officials, as well as with businessmen whose companies have important investments in Cuba. During this visit, the joint program aimed at promoting trade, investment, and other exchanges between Cuba and Great Britain will be presented. This initiative in Great Britain is headed by Lady Janet Jones, who visited Cuba in February.

Agriculture Minister Notes Expected Rise in Tobacco Income

FL0304162595 Havana Radio Reloj Network in Spanish 1405 GMT 2 Apr 95

[FBIS Translated Text] Minister of Agriculture Alfredo Jordan has stated that the current tobacco campaign, with \$30 million in revenue [insumos], will surpass the results of the past two years.

He stressed that the amount of tobacco harvested so far is significant, and that there is still a large amount to be harvested. However, he added, Cuba must achieve more efficiency to be able to collect approximately 1 million quintales of tobacco.

Jordan noted the granting of lands to families to plant tobacco. He also stated that inefficiency in some tobacco programs in locations such as Hoyo de Manicaragua, in Villa Clara, must be solved by finding ways of self-financing.

Haiti

Labor Leader Says Clinton Wanted To Boost Popularity

PA0404015495 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Apr 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Jean-Auguste Mesyeux of the Autonomous Organization of Haitian Workers says President Bill Clinton's visit to Haiti was intended to increase his popularity. Mesyeux says Haitians must not believe U.S. President Bill Clinton's promises but adds that if they do manage to materialize, Haiti will benefit greatly.

[Begin recording] [Mesyeux, in Creole] We do not believe President Clinton will do...[pauses] will come to do great things in Haiti despite his promises. The reforestation campaign is very important; some kilometers of road are very important; but all that is a promise. We do not believe in Santa Claus. We think if Clinton is reelected, a space might be created for us so we can move forward, because all movement, all the change happened under Democrats. The Republicans do not give you a chance. That is why we think we would favor President Clinton's reelection in the United States, not because we feel he is going to do anything for Haiti.

[Unidentified journalist, in Creole] Mr. Mesyeux, what advantages do you think Haiti will have if those projects materialize?

[Mesyeux] Well, if those projects materialize...[pauses] Anyway, we have road problems in the country. The country is not very big, but we lack an infrastructure. For example, if they build a highway to G and Anse, if they build a highway to Jacmel, if they go to Jacmel and build a road to Bainet, if they go to Les Cayes and build a coastal road to Pedernales leading to the Dominican Republic, if they build a highway to Port-de-Paix and a road linking Cap-Haitien to Ouanamitche, that will be very useful to the country. They would somewhat decentralize the country. They could extend the road to Port-Salut as well. That would be good for the country. [end recording]

MDN's De Ronceray Assesses Clinton Speech

*PA0404022995 Port-au-Prince Radio Metropole in
French 1030 GMT 3 Apr 95*

[FBIS Translated Text] The Mobilization for National Development [MDN] has reacted to the visit by U.S. President Bill Clinton to Port-au-Prince. MDN has noted that the positive side of this speech is the triple ethical, electoral, and political dimension. According to Hubert de Ronceray's party, President Clinton emphasized the great principles of democracy and reminded Haitians that democracy does not flow like a river but that there must be a commitment by all sons, both within and outside the country, to a spirit of tolerance under the aegis of the law in a reconciliation rally in which vengeance, revenge, and hatred have no part.

According to MDN, President Clinton demonstrated and renewed his interest in free, honest, and secure elections in June and December with the support of the Haitian Government, the United Nations, and the United States. The U.S. head of state committed himself to help Haiti build 1100 km of road and to send the Peace Corps to participate in reforestation by planting several million saplings.

According to the MDN, there were also three negative aspects in President Clinton's speech. They are, quote: 1. His factual concept of restored democracy in a country ravaged by insecurity and misfortune; 2. His notorious indifference toward other aspects of Haitian political life; and 3. His silence regarding the breakup of democratic institutions, the increasing cost of living, human rights violations, and control of the electoral machine in favor of the party in power, unquote.

Zedillo Appoints New Deputy Government Secretary

PA0304043495 Mexico City XEW Television Network
in Spanish 0430 GMT 1 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo appointed Arturo Nunez Jimenez as the new deputy government secretary at the Government Secretariat today. Nunez Jimenez replaces Beatriz Paredes, who now heads the National Peasant Confederation.

Government Secretary Esteban Moctezuma swore in Arturo Nunez Jimenez tonight. Nunez Jimenez was the director of the Institute of the National Fund for Workers Housing, Infonavit, until today.

President Zedillo proposed that Mr. Alfredo Del Mazo be the new Infonavit director. This appointment, however, will have to be approved by the Tripartite Infonavit Council.

Also on instructions of the president of the republic, Francisco Labastida Ochoa, the agriculture, livestock, and rural development secretary, swore in Mr. Jose Antonio Mendoza Zasqueta as the new deputy rural development secretary. Mendoza Zasqueta is a civil engineer and comes from El Dorado, Sinaloa. He was the coordinator of Secretary Labastida Ochoa's advisers until today.

President Zedillo Chairs Forum on Federalism

PA0304031095 Mexico City XEW Television Network
in Spanish 0430 GMT 30 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo announced today that he will send the national congress a draft law to strengthen free municipalities and sovereign states. In Guadalajara, Zedillo chaired a National Forum for True Federalism.

A strengthened federalism in Mexico does not mean eliminating the federal government. On the threshold of the 21st Century, the country must advance toward a renewed federalism as a factor of national development, founded on the unity of strong and prosperous regions and not on extending forever the inequalities and unbalances. President Ernesto Zedillo Ponce de Leon made the statement when he dedicated the National Forum for True Federalism in Guadalajara in the presence of the governors of Jalisco, Baja California, Chihuahua, and Guanajuato State—all from the National Action Party. Also present were the governors of Queretaro, Coahuila, Colima, Hidalgo, and Oaxaca State—from the Institutional Revolutionary Party.

President Zedillo said that federalism cannot be the result of eliminating national authority nor does democracy mean eliminating a political force in order to

strengthen others. He added that the republic does not weaken one power in order to strengthen others. Centralism is oppressive and backward, and it is socially inefficient, he pointed out. In addition, it is arrogant and contradicts democracy and the participation of society, he stressed.

[Begin Zedillo recording] The Federal Pact is for promoting the equitable development of all members within the federation. It is never for extending sharp contrasts. That is why I have proposed a renewed federalism that will be an efficient instrument of equitable distribution of resources and opportunities. [end recording]

To attain a true federalism does not mean weakening the government, but rather it means greater responsibilities and resources for the municipalities. There will be fresh resources for the entities with larger debts, President Zedillo said adding that it is therefore important to increase the VAT [value added tax] by 5 percent. Debts with commercial and development banks will be paid. Later on, President Ernesto Zedillo announced new measures for national public security.

[Begin Zedillo recording] As of now, the federation, the states, and the municipalities have the constitutional duty of coordinating among themselves in all basic aspects of public security. By virtue of a new constitutional provision included in the amendments, the police corps of the country must be thoroughly restructured in order to fight more effectively against crime. [applause] [end recording]

President Zedillo signed the 1995-2000 Social Development Agreement that calls for an investment of 337 million new pesos in Jalisco, of which 240 million are federal resources.

Government Secretary Closes Forum

PA0304031295 Mexico City XEW Television Network
in Spanish 0430 GMT 1 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Government Secretary Esteban Moctezuma today closed a forum in Guadalajara, Jalisco State, entitled Toward a New Federalism. He admitted that marked differences prevail in Mexico that particularly affect the Indians.

President Ernesto Zedillo's administration has made up its mind to go from ideas to action and move ahead in democratic reforms while at the same time bolstering a new federalism, Government Secretary Esteban Moctezuma Barragan said in Guadalajara. He said that the PAN [National Action Party] electoral triumphs in Jalisco and the PRI's [Institutional Revolutionary Party] in the San Luis de Potosi mayoral elections in an atmosphere of peace serve to confirm that Mexicans have learned to respect elections. He said that he does not see this as triumphalism, but instead as a firm step to continue advancing toward a new democracy.

[Begin Moctezuma recording] We are headed toward a new democracy, a democracy that goes beyond the issue of elections and that becomes part of our culture and a way of life. A democracy that serves to build agreements, work out differences, and broaden participation. This democracy may be found in federalism. [end recording]

When speaking at the national forum entitled Toward a New Federalism, he said that the federal project needs to be strengthened in view of prevailing centralism.

[Begin Moctezuma recording] There are marked differences between areas and groups of Mexicans that especially affect the Indian population. [end recording]

He added that to move ahead in democracy and federalism, state and municipal government branches must contribute more toward Mexico's economic, political, and social organization. He said that in order to achieve this, certain conditions must first exist:

1. Republican institutions and legal states must be strengthened in order to strengthen local [word indistinct] politics.
2. The distribution of the jurisdiction, resources, and responsibilities of states and municipalities must be strengthened so that they may become autonomous.
3. An equal distribution of fiscal income between the three levels of government must be established and the capacity of local governments to generate their own income must be bolstered.
4. Municipal development must be boosted and it must be ensured that authorities administer resources efficiently and honestly.
5. Regional development must be promoted with the participation of all social sectors.

Moctezuma concluded that federalism is not a fight over national riches but a commitment for a better country. Esteban Moctezuma closed the forum after the conclusions of three days of work were read.

Commission Head on National Development Plan

PA0104153295 Mexico City *EL FINANCIERO* in Spanish 28 Mar 95 p 42

[Report by Victor Gonzalez]

[FBIS Translated Text] Humberto Roque Villanueva, chairman of the Chamber of Deputies Grand Commission, has cautioned that the 1995-2000 National Development Plan [PND] will have to establish the basis to firmly guarantee sovereignty and national security, including economic and social security, because "our social essence was somewhat torn" in 1994 due to deficiencies.

Roque has said the political reform, which would be definite, "should lead us to a recomposition of the state and a new way of exercising power."

Roque has said the political reform should improve the balance between the state branches—the executive, legislative, and judicial—with a basis on a revision of their structures and a recomposition of federalism, a better distribution of income among the states, support for the municipalities, and "coordination" with the economic forces, the church, businesses, the media, and foreign relations.

Roque has said that for the economy to improve, "communications"—that is, effective political structures—will have to be strengthened within the framework of the PND and the political reforms.

Roque said the common goal should be to pull the country out of the economic crisis in the short-term, while it should be to strengthen liberties, democracy, and the distribution of income in the mid-term. Both goals are necessary to have political stability in the nation, he has said.

During an interview with *EL FINANCIERO*, Roque said the Institutional Revolutionary Party [PRI] is no longer and cannot be seen as the only party in the new setting, but it can be seen as the most important political force in the country, without disregarding the strategies of the opposition's political parties.

He was asked: In view of the new situation in the country, is there the possibility of the PRI breaking apart?

He said: It is a universal fact that the exercise of power is eroding, but this happens anywhere in the world and to all political parties, regardless of ideology, but the PRI has been able to adapt to circumstances so far.

Roque expressed his "deep trust" the PRI will be able to make an effort to renew its programs, reform its structures, and revitalize many of its positions once the most critical part of the economic problems are resolved.

Roque said all these changes must take place realizing that PRI participation in national politics must remain outstanding.

He has said Mexico's viability now must not be seen in terms of its political system but, rather, on the basis of an effort to make this country better than it is right now. It is necessary to see whether it is possible to improve the country.

Roque has said the route for improving Mexico has to be the most democratic one. He has said: "I do not see any contradiction between a greater democracy and a political system that will provide stability to the country's economy and social life."

Referring to the PND, Roque has insisted national sovereignty is an unquestionable element of development.

He has said "we all are aware there was in recent months, especially in 1994, a deficiency in aspects of national

security, not only regarding relations with other countries but also the need for sufficient information, cohesion, and action mechanisms in being able to avoid—not only from a military point of view but also from a social, moral, and opportunities point of view—all elements, in the full sense of the word, capable of exerting, when they appear abruptly, a negative influence on the economy and the Mexicans' frame of mind and tearing our social fabric."

Thus, Roque affirmed, it is necessary that sovereignty and national security be clearly established within the framework of the PND.

The Market Opening Is Irreversible

The lower chamber PRI leader has also said the trade opening strategy is not an error and is irreversible. Nevertheless, he has made it clear that this does not mean the state is giving up its option to take specific steps to improve the economy in order to give the market opening a more positive effect or the option to avoid, or at least reduce, any threat to the national production base.

Villanueva has said a trade opening can and must be maintained as long as it is backed by an industrial policy that reduces the obstacles hindering the competitiveness of the industrial base and the dollar.

Once these issues have been taken care of, no one should fear the open market.

Likewise, the Coahuilan politician has said confidence is very important in this matter. It is the mainstay of any economy, the reason why confidence must not be lost. It is "very disturbing," however, because, characteristically, it has had a cyclical effect every six years.

Villanueva has said this six-year effect occurs due to the change of government every six years, a change which encourages the questioning of the political and economic policies of each administration.

The fact the world is becoming ever more interdependent is causing foreign investors, speculators, and every individual that can influence the growth of the national economy in some way to make provisions, exert pressure, and make predictions regarding the behavior of each new administration or those issues the previous administration left pending.

Humberto Roque has said the legislative power wants a greater consensus regarding proposals, above all those proposals pertaining to the six-year term, that should act as a buffer toward a lack of confidence and, logically, a confidence builder.

Villanueva concluded that the new PND should lay a foundation that depends less on speculative and foreign investments. It would be an error, however, not to use foreign resources, at least partially, as the situation arises, along with an adequate financial strategy, because

they are factors that tend to stabilize the exchange rate and can offer a short-term solution to the problem of foreign currency liquidity.

"The most important thing is to point the financial issue toward a plan that depends more on national savings and for the savings certificates to be issued for as long a period as possible," Villanueva has said.

Speaking about political reforms, the majority leader of the 16th legislature has said that although there was an impasse, "we are very near, nearer than people believe, to achieving a political reform that could be definitive, because there are no issues left pending from a long agenda on which a number of groups and political parties have been insisting for many years."

"We must candidly admit" that not much headway has been made because of the economic measures that have caused the expectations, legal changes, and, in general, the entire situation the nation is experiencing. We must concentrate on those factors that will allow us to eliminate, as soon as possible, the economic changes rather than on electoral policy changes.

Villanueva has said this does not mean we do not acknowledge the existence of a relationship between the political and economic life. "It does exist and is very important." Because of this relationship, Villanueva estimates the factors that will allow a definitive political change and a redefinition of the ideal use of power and government will be established this year.

Thus, he has said balance of powers will be given a better structure, as each branch revises its own structure, something which the justice department has already done and which the legislative and executive branches are certain to do.

Villanueva has said that the redefinition of the powers determining the behavior of the state must be thoroughly analyzed and that analysis will include the participation of the church, businessmen, and the media. For all these sectors, the common goal will be to rid the country of the economic crisis within a short and medium period so as to strengthen freedom, democracy, and the distribution of wealth.

The nation's political stability is at risk.

Under Secretary on Guidelines for Foreign Trade Program

PA0304172595 Mexico City LA JORNADA in Spanish
31 Mar 95 p 1-52

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Decio de Maria, under secretary for foreign trade of Secofi [Commerce and Industrial Development Secretariat], has announced the guidelines the National Program To Foster Foreign Trade [Programa Nacional de Promocion del Comercio Exterior] will have. He has said this plan will take into account the

"streamlining" of promotional instruments, fiscal benefits for the sector, simplification of the temporary import process, new proposals for "mergers," the review of current procedures to establish businesses, and a "clampdown" to ensure the decentralization process gets underway as soon as possible.

The program, which recognizes the importance of deregulation, will review all the outlines proposed up to now regarding foreign trade, such as the Temporary Import Program for Exports [Programa de Importacion Temporal para la Exportacion—Pitex], in order to make it easier for smaller businesses to export and to "close ranks," so as to bolster the weak sectors.

Supervising the National Foreign Trade Council's change of address, the official has disclosed details of this program, which will allow it to address demands by the country's exporters and importers of the need to establish an overall policy to boost exports.

He has said the idea is to streamline available export instruments. For example, Pitex, the instrument the community uses most often, will be simplified.

This will need to be negotiated with Finance and Public Credit Secretariat officials to adjust and simplify the temporary import system. The under secretary has said, at the request of businessmen, changes and negotiations are being completed in order to include indirect second and third tier exporters.

Regarding incorporation efforts, Secofi is also negotiating with public sector organizations to reformulate and strengthen a decree that will allow "mergers," which at this moment will be a basic tool to get medium and small businesses incorporated into larger enterprises. To this end, "both financial and fiscal facilities will be made available."

Regarding promotion, de Maria has said there will be plans appropriate for the sector—that is, item by item—beginning with the fiber-textile-clothing manufacturing sector. He added the tax situation has come under criticism by businessmen and has said there will be certain fiscal benefits for the sector, but he did not specify.

"We are working on this National Program To Foster Foreign Trade" with a common thread running between the sector, the authorities, businesses, and state governments.

In this export outline, there will also be "clampdowns" to ensure that the decentralization process is carried out as soon as possible, because there is still a long way to go in state and municipal deregulation even though there has been plenty of federal headway.

De Maria has called for a "four cornered" deregulation in which the federal, state, and municipal governments and businesses would begin a thorough review of all the bureaucratic and administrative processes as soon as

possible. These will be done so fixed costs of starting a business in the countryside can be comparable to what is paid internationally.

The intention is to end the need to go from one office to the next over a four- to five-month period for all the authorizations to open up a business, de Maria has said.

Likewise, he has said, one aspect that should not be forgotten is to work toward chains, which are very important in "urging" other businesses to become exporters.

The Secofi under secretary has promised exporters to "come back in two years" to review all this work and not allow the work to be left as a good intention or just "on paper." He has said there is an important incentive drive for exports: the exchange rate, but there is a great challenge behind this.

He has urged businessmen to take advantage of NAFTA and to use regional raw materials so as to bring down costs, and he has asked for a "closing of the ranks" to support sectors that are facing high competition and that may be affected by NAFTA.

Such is the case with the textile sector, where tariffs for clothing assembly goods from third countries were raised. In addition, the Multifibers Agreement was used to help the national market recover and to make this the basis for the takeoff of an export market that is very competitive.

Monterrey Industries To Invest in Cuba

PA0204161895 Mexico City EL FINANCIERO in Spanish 28 Mar 95 p 49

[Report by Juana Maria Nava Castillo]

[FBIS Translated Text] Monterrey, Nuevo Leon, 27 Mar—Monterrey Industries, Inc. (Imsa) has announced it will invest in batteries and steel, which are the group's main products, in Cuba. This could involve joint investments or associations with European businessmen or the island's government.

This corporation would thus become the fifth Monterrey company to operate in Cuba. The others are Vitro, Cemex, Doms International Groups, and Senator Mauricio Fernandez' company, which markets cigars from that Caribbean country.

Imsa, whose main activity involves steel, has announced that some investment, joint investment, or associations in Cuba could come about next week, because it is interested in doing business in that country because of its potential.

Benjamin Clariond Reyes, director of construction systems at Imsa, has said they will analyze all investment possibilities Cuba is offering, because "we recognize there is a large market to exploit although there are already large Spanish investments there."

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Cuba is experiencing serious economic problems, but "it has cheap labor, and there are sectors that have not yet been tapped, such as steel, and there is great demand, as for steel, because there is an industrialization boom in progress that will require inputs we could supply," Clariond Reyes added.

The Imsa official has assured the Cuban Government "welcomes the arrival of capital from this country to strengthen its economy," because a large number of Mexicans, particularly Monterrey investors, has operated in that market with great success.

Even if a short-term investment program does not materialize, Imsa will establish schemes to market steel in that Caribbean country as part of its market diversification strategy.

As for the domestic market, the Monterrey corporation headed by Eugenio Clariond Reyes is expecting a significant contraction due to decreased construction activity reflected by certain frozen projects so far this year.

Thus, "at Imsa we are targeting foreign markets and want to place our products not only in the United States but in other countries in Europe and Latin America, where we expect to be successful," Clariond Reyes has said.

Based on this decision to enter the Cuban market, Imsa will become another Monterrey corporation to invest capital in that country. The first one was Senator Mauricio Fernandez, who is operating a cigar marketing firm in this city and considering an energy generation project. The Vitro Group owns a container factory it bought late last year.

The Mexican Cement Company is operating a cement dealership in that country and has plans to buy it. Meanwhile, Doms International owns 49 percent of the shares of the Cuban telephone company and has plans to build an industrial complex and to develop a tourist area.

Business Organizations on Fail-Safe Measures for Capitals

PA3103192895 Mexico City EL FINANCIERO in Spanish 28 Mar 95 p 4

[Report by Isabel Becerril]

[FBIS Translated Text] Speculative investments have divided the organizations of the private sector once again. While Concanaco [Confederation of National Chambers of Commerce] believes it is urgent to take certain fail-safe measures regarding short-term capitals, thus preventing "very violent" capital flights, the other leading organizations believe the opposite is true. They maintain that imposing these restrictions, especially now that Mexico needs large capital inflows, would be unadvisable.

In separate interviews during the 77th regular general assembly of the Confederation of Industrial Associations [Concamin], Concanaco President German Gonzalez Quintero has said it is urgent to set international guidelines in order to prevent more speculative capital flights in the country; that is, it is urgent to take fail-safe measures regarding these speculative capital flights, which hurt the country so much and add to the crisis it is experiencing.

Meanwhile, although Antonio Del Valle Ruiz, Mexican Businessmen Council [Concejo Mexicano de Hombres de Negocios] president, has said all sorts of foreign investments are welcomed in Mexico, this proposal should be analyzed first, adding it would be unwise to set capital ceilings in the country at this time when the economic emergency problem Mexico is experiencing remains unresolved. "We will see what happens afterward."

Del Valle has said short-term foreign investments must not be limited for the time being. "We need them now. The situation will be analyzed once things go back to normal."

Referring to the statements Finance Secretary Guillermo Ortiz made on 24 March that Mexico is still in the middle of the road, Del Valle has said April will be a difficult month, because the inflation rate will be very high, adding that May will be a sluggish month and that "we are confident the inflation rate will trend downward" after that. Likewise, he has said interest rates will begin decreasing significantly in the second half of the year.

Meanwhile, Luis German Carcova Garcia, Business Coordinating Council president, has affirmed Mexico does not need to impose "fail-safe measures" on foreign investments. "What we need under the current system is to attract direct productive investments and short-term foreign capital." He has also said the private sector is analyzing an overall project which considers how this plan could attract productive foreign capitals and which explains how short-term investments may land in the country as an additional instrument, not as an economic support, as was the case in the past.

Manuel Robleda, Mexican Securities Exchange [BMV] president, has said "fail-safe measures" could not be imposed on short-term investments, because they would scare away the foreign capital the country needs. Expecting to impose certain ceilings on foreign investments flows at this time just as the domestic market is facing a crisis and remaining unstable would be an illusion.

Remarking on the financial market development, Robleda has said has both the securities and stock markets have been severely "punished," but their reorganization is about to conclude. The exchange, he added, is a return to normalcy, as demonstrated by the increases experienced on 24 and 27 March. What we must do now, he added, is to make rationally any decision to invest in any market.

Regarding the spot market, the BMV president has said Mexicans are already prepared for it. The exchange is even doing the necessary tests. "We have seen that this market works. We are only waiting for the authorities' approval for it to start operating." He has even said this mechanism could begin operating this week, because the markets are remaining calm.

Victor Manuel Terrones, the National Association of Manufacturers president, has described this proposal as incongruent, because hindering foreign investments, whatever they may be, could scare them away.

Finally, Jose Luis Llamasa, Association of Mexican Insurance Companies [Asociacion Mexicana de Instituciones de Seguros] president, has said imposing "fail-safe measures" on speculative investments will be fruitless, because "they will always take place." We must work more on promoting long-term productive investments to ensure certain fiscal advantages will remain in the country or that investors could reinvest in the same companies.

In addition, he has said domestic savings must be stimulated, because if we fail to do so, Mexico will continue to depend on what "other countries tell us to do" as they loan money to us.

Agrarian Reform Secretariat Employees Hold Demonstrations

PA0104171295 Mexico City LA JORNADA in Spanish
29 Mar 95 p 13

[Report by Francisco Guerrero, David Carrizales, Angel Amador, Alberto Espinoza, Jose Manuel Benitez, Jorge Cruz, Lorenzo Chim, Jesus Narvaez, Jesus Hernandez, Manuel Enriquez, Candelaria Rodriguez, and Antonio Heras]

[FBIS Translated Text] Hundreds of unionized workers and trusted employees of the Agrarian Reform Secretariat (SRA) halted their activities today and held demonstrations in 11 states to reject the proposal by federal legislators to eliminate the SRA.

The demonstrators described the idea as an "aberration," because the SRA is "the backbone of the assistance to the problems of the country's peasants." They added its dissolution will bring more unemployment and extreme poverty to workers who are not responsible for the economic crisis. In Cuernavaca, Morelos State, where the 150 permanent employees of the SRA's state branch halted their work for three hours. Ines Prado Sousa, division secretary of the national union of SRA employees, regarded the proposal as unbelievable, because, if approved, the major lags in the agrarian sector will grow worse. The SRA is the only organization that provides true assistance to peasants on advisory matters and training, she insisted.

She said that although the bill includes the purported relocation of the SRA employees, the union will defend

their source of employment and to that effect will request the support of the National Peasant Confederation (CNC) and the Independent Peasants Central Organization (CCI).

A march of 200 SRA employees in Tuxtla Gutierrez, Chiapas State, concluded at the SRA's state building. Two other demonstrations were also held, one by women protesting price increases and demanding the state be exempted from the value-added tax, the other by residents of low income neighborhoods demanding the authorities make their properties legal.

Similar protests against the elimination of the SRA were held in the states of Oaxaca, Zacatecas, Queretaro, Guerrero, Quintana Roo, Campeche, Nayarit, Tamaulipas, Veracruz, and Baja California where work stoppages of two to three hours set the tone. Most of the disgruntled employees also held marches that concluded with rallies outside the seats of local congresses, government city halls, and SRA buildings.

Industrial Sector Questions Economic Model

PA0204152495 Mexico City LA JORNADA in Spanish
28 Mar 95 pp 1-46

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] The industrial sector has seriously questioned the current economic model, pointing out that it has not only favored monetary and financial aspects over the productive aspect but has been unable to resolve the serious situation Mexico is experiencing.

Addressing President Ernesto Zedillo, the industrial sector has demanded a structural change by way of an industrial policy that will surpass the six-year and partisan outlook and a new strategic alliance that will generate jobs and have as a result, not a goal, the defeat of inflation and the stabilization of the peso.

"We must admit today more than ever that our country and its currency are worth much more than the foreign currency we have in the nation's treasury," the Mexican industrialists said during the 77th regular general assembly of the Confederation of Industrial Associations (Concamin).

Concamin's outgoing president, Fernando Cortina, and incoming President Victor Manuel Diaz Romero agreed during this meeting, with different leanings, that the plan the productive sector is demanding cannot wait for better times and must be implemented with the consensus of all the sectors in order to generate the necessary conditions for an economic takeoff. Diaz Romero said implementation of his plans are the only way "to prevent various calls for unity or the notion of sovereignty from sounding hollow to the Mexican people."

In his final speech before President Zedillo, six state secretaries, and the business hierarchy in full, Fernando

Cortina Legarreta said macroeconomic stability is a necessary condition for competitiveness at the business level.

He said, however, "macroeconomic stability is not enough to eliminate credit restrictions, disloyal trade practices, deregulation, unequal regional development, the lack of liquidity, and the huge trade deficit resulting from a poorly administered openness and the lack of domestic savings, which have made the model more vulnerable."

"At the beginning of my term, I stated the need to change the economy's monetary and financial focus for one of structural change at the productive level that would generate jobs and promote investment. The diagnosis was that we needed to focus on industrial promotion and to adjust the macroeconomic model."

"What happened should happen no longer. It harms our democratic culture and is a nuisance to development: a lack of open dialogue that consists of recognizing the voices of the industrial, trade, and labor sectors."

The result of the policies adopted in our current economic model has left us, Cortina Legarreta said, an economy that is in crisis, with broken chains of production, an incomplete technological and environmental reconversion, an imperfect openness, a weak financial system, and diminished confidence.

Furthermore, "I am seriously concerned about returning to the times of hyperinflation with austerity and financial volatility. We must admit today more than ever that our country and its currency are worth much more than the foreign currency we have in the nation's treasury."

In response to this situation, Cortina asked the federal government not to postpone, until better times, the development plan which must surpass the six-year outlook and partisan winds and which, through consensus and broad business participation, must create the conditions for an economic takeoff during this new phase.

During the event, which was attended by almost 500 industrialists, Cortina told the president that the industrialists will be able to reduce risks and overcome the crisis only with society's solidarity and that they will be able to defend employment, increase competitiveness, contain inflation, and distribute social costs only with a strategic alliance between government, businessmen, and workers.

Incoming President Victor Manuel Diaz Romero agreed with his predecessor, saying Mexico needs an industrial policy that will surpass the six-year outlook and direct its strategic alliances toward the long term.

To this end, "we are calling for a new alliance that will replace the tripartite agreement plan, which has proven its limitations, a national strategic alliance which will include new actors such as development and private banks, universities, and research centers and which will

be more involved with the needs of the country's economic regions. [no closing quotation mark as published]

This mechanism, he said, will help contain inflation, defend jobs, promote investments, and reestablish chains of production. "An alliance that will have as a result, and not a goal, the defeat of inflation and stabilization of our currency," Diaz Romero underscored.

It is extraordinarily urgent, Diaz Romero added, for us to handle economic activation in a more decisive and creative manner, allowing fresh financial resources to reach the productive sectors at interest rates much lower than the current rates.

In reference to financial aid from international banks and the fund for the reorganization of overdue portfolios through investment units (UDI's), Diaz Romero said that due to the seriousness of the moment, "they are insufficient," adding direct aid must be generated for exports, permanent investments, and the generation of jobs.

Diaz Romero also stated the need for tariff barriers and compensatory quotas for countries with which Mexico does not have trade treaties and whose industrialists engage in disloyal practices. "We need—and we do not understand why we do not yet have—a tax system that will promote savings and economic growth and will be easily understood by taxpayers and collectors," he said.

In conclusion, Diaz Romero said "the various summons to unity that are made and the notion of sovereignty will not sound hollow to the Mexican people" if his proposals are taken into consideration.

Policy on Foreign Exchange Rate Fluctuation To Continue

PA0204194395 Mexico City *EL FINANCIERO* in Spanish 30 Mar 95 p 5

[Report by Gerardo Flores and Armando Torres]

[FBIS Translated Text] The policy on the foreign exchange rate fluctuation will continue indefinitely until the volatility of the financial markets ebbs completely, Jesus Marco Yacamán, Bank of Mexico [Banxico] deputy governor, has said. He has also recognized that the peso has exaggeratedly devalued during the current year.

Likewise, the central bank official has said international reserves amounted to \$7.863 billion by 24 March, while the monetary base totaled 47.755 billion new pesos.

In Monterrey, Nuevo Leon, Yacamán has said the Mexican currency will regain its real value in the short term, thus promoting lower interest rates in the future.

Before students of the Monterrey Technological Institute and Superior Studies (ITESM), the Banxico deputy governor has said the Mexican currency will stabilize gradually as the main economic indicators improve.

He has said the peso fluctuation will give the Mexican peso the flexibility to adjust itself to the conditions of the financial markets in the meantime although the reduction or elimination of the volatility is paramount to stabilize the foreign exchange rate.

The operations of the Mexican foreign exchange markets, which will begin within a few weeks, and the peso quotations on the Chicago Exchange, which will begin in April, will help stabilize the exchange rate, he maintained.

The Banxico official has said the liquidity of the Mexican economy will increase as the country accumulates more international reserves, thus reducing the market volatility. He has also said it is easy to forecast as a result of the trends in upward exports that the trade balance will be zero by the end of the first quarter.

Meanwhile, as the Banxico released its financial statements, it stated that the monetary base decreased by 9.18 billion new pesos between 17-24 March and that the net domestic credits decreased by 9.484 billion new pesos.

It is said the international reserves figure reported includes the financing granted to Banxico (approximately \$9.945 billion) for exchange regulations. This financing has been used to partially cover the special Tesobonos [Treasury Bonds] amortizations and the foreign assets of commercial banks.

In the absence of these amortizations, the decrease of the net domestic credit would have been larger, the preliminary report stated, adding these amortizations do not adversely affect the monetary base, because the increase in the net domestic credit is offset by the decrease in the liquidity stemming from the bank's foreign exchange sales.

The report also stated the international dollar reserves remained practically unchanged compared to the previous week although there were no Tesobonos amortizations in dollars and although bank assets in foreign currency amounted to approximately \$1.14 billion between 20 and 24 March.

The sale of foreign currencies from the government to Banxico was the factor that offset the effect of these amortizations on international reserves. The foreign resources in question that the government had deposited in its Banxico account came from loans the U.S. Administration granted to Mexico on 14 March.

The Banxico Figures (figures in billions)

	31 Dec 1994	28 Feb 95	17 Mar 95	24 Mar 95	Variation
	(1)	(2)	(3)	(4)	(4)-(1)
Monetary Base (new pesos)	56.935	49.790	49.658	47.795	- .180
International Reserves					
New pesos *	32.738	52.409	54.759	57.239	24.501
U.S. dollars	6.148	8.978	7.854	7.863	1.715
Net Domestic Credits (new pesos)	24.197	- 2.619	- 5.101	- 9.484	- 33.681
Exchange Rate (new pesos per \$) *	5.3250	5.8375	6.9725	7.2800	

* Banxico's published exchange rate to settle liabilities

Cetes Rate Registers Decrease for 2d Consecutive Week

PA0304004695 Mexico City LA JORNADA in Spanish
30 Mar 95 9 48

[Article by Roberto Gonzalez Amador]

[FBIS Translated Text] The interest rate for the federation's Treasury Certificates (Cetes) maturing in 28 days—an indicator used to determine the cost of money—yesterday registered a decrease, for the second week in a row, of seven percentage points to a level of 75 percent per year.

The Bank of Mexico [Banxico], when it released the results of the 13th auction of government bonds this year, said that the interest rate of the Cetes with 14 days maturity declined 2.17 units to 78.82 percent, while for

the same certificates with a 91-day maturity, the yield reached 77.99 percent, 4.77 points less than the previous price.

This week, the central bank auctioned 1 billion new pesos in Cetes maturing in 13 days, 900 million pesos in Cetes maturing in 28 days, and 400 million pesos in Cetes maturing in 91 days. The total amount of the auction was assigned to the financial brokers.

The descending curve of the Cetes interest rates—which two weeks ago reached a level of 91 percent for bonds maturing in 28 days—is related to a decrease in the demand for currency in the exchange market and to an increase of the position of government debt certificates by Banxico.

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Despite the fact that the leading rate declined two weeks in a row, financial analysts recommended "against celebrating" because the economy, in general, and the financial system, in particular, have yet to overcome the destabilizing factors that led to the crisis that erupted in December.

"We have yet to record a flow of foreign resources into Mexico, and the demand for dollars persists, although the demand is less," the leading analyst of a foreign financial group with offices in Mexico said.

Although an intense propaganda campaign has been waged to spread the news that the causes that, according to the government, provoked the crisis—the deficit in external accounts and the slackening in the rate of foreign investments—have been corrected, private analysts view the issue with reservations.

In fact, they explain, the reduction of seven points in the leading rate registered this week is related to the end of the month and the trimester, a time in which companies need cash. Now more than ever, since it is also the end of the fiscal year.

In addition, the money market is short of paper currency because of an advance payment of debt instruments and an increase in the ranking of Banxico. [sentence as published]

The substantial drop in primary rates, of approximately 20 points in two weeks, has not prevented a decrease in the actual interest rate in the first three months of 1995. Thus, regarding inflation estimates for 1995, in January, the annualized actual interest rate was negative 7.43 percent; in February, it was also negative 8.47 percent, while in March (with an estimated surge in prices of 5 percent), the annualized actual rate is expected to be negative 1.51 percent.

"The negative actual rate does not seem to be compatible with a program that seeks to stabilize the financial system and prevent an inflationary upsurge," a specialist said.

The behavior registered by Cetes in recent auctions shows the need to validate the levels reached by the price of money. In the opinion of debt market brokers, investors sense certain signs of correction of the fiscal and trade deficits, "but it is not cause for celebration."

The apparent stability being achieved by the financial system, whereby the stock market has entered a period of high operation and profits while the peso has maintained a parity vis-a-vis the dollar in the past five days, is accompanied with proof of the first signs of a drop in productive activity and in the indicators of aggregate demand. This situation will tend to worsen even more during the second quarter of 1995.

Bank's New Credit Policies Said To Limit Export Financing

PA0104171795 Mexico City EL FINANCIERO in Spanish 28 Mar 95 p 20

[Report by Connie Ochoa Gomez]

[FBIS Translated Text] Guadalajara, Jalisco, 27 Mar—Illogical as it may sound and despite the country's urgency to generate dollars to correct the negative balance on its foreign accounts, the new credit policies of the National Foreign Trade Bank of Mexico (Bancomext) limit and make the financing for exporting companies more expensive. These policies also respond to the commitments made with the IMF and the U.S. Treasury Department, which are attempting "to bleed the Mexican economy."

The government's effort to control the monetary growth truly concerns Mexican exporters, who hold the Finance and Public Credit Secretariat [SHCP] liable for "leaving exporters without dollars." In addition, it makes evident the contradictions among the economic cabinet members, because while the Commerce and Industrial Development Secretariat [Secofi] makes the foreign trade support a "priority," the SHCP "is forcing us to finance ourselves with our own resources."

Sources close to Secofi and the directors of half a dozen exporting companies who have talked to this newspaper have disagreed with the new rules Bancomext has set for them. They have said Bancomext notified them as of 16 March that its rate for credits supporting exports will increase by 300 percent, as it goes from two to six points over the LIBOR [London Interbank Offered Rate]. If we add this rate to the four points all-purpose banks charge for their support, we are then talking about annual dollar rates amounting to 18 percent, a 100 percent increase in the exporters' financial costs.

This point implies that domestic exporters will have to face their U.S. and eastern competitors at a disadvantage, because the latter get 8 and 4 percent annual financing rates, respectively.

To make matters worse, those businessmen who were questioned have said Bancomext has informed them it could not continue financing 100 percent of the exporters' requirements. It will be able to finance only the portion corresponding to the national components of the exports, forcing businesses to turn to the national financial markets to finance the part Bancomext will stop financing.

The following are among the problems stemming from this measure: Financing costs will exceed an annual 30 percent rate if in dollars and 100 percent if in pesos. Furthermore, in addition to the capitalization problems commercial banks have had to face, new credits will not be authorized, and only those granted previously can be renewed, the reason why the possibility of being left without funds does exist.

Finally, the financing for the acquisition of raw materials to be incorporated into exportable goods will no longer be granted. It is regrettable, the exporters have insisted, that government officials have acknowledged "in private" the limitations they have, while affirming in

public, especially "when reporters are present," there will be plenty of resources to finance exports.

The exporters have said that during a private meeting they held with Bancomext delegate Juan Pablo Sandoval, he admitted that there will be insufficient resources and that the bank's budget will amount to only \$11 billion, as opposed to the \$18 billion authorized in 1994, while the real needs of the sector exceed \$20 billion.

They pointed to the fact that the Bancomext delegation has failed for two weeks to grant a discount, making them face a true critical situation.

The exporters stated during the interview that due to their nature, most businesses have assets in dollars, therefore, in order to recover from the losses the peso devaluation has prompted, "we need the temporary competitiveness the peso devaluation gives us to remain viable." As we pay interest rates exceeding 100 percent, however, a large amount of that temporary benefit is lost.

In addition, all exporting companies were taking advantage of the credits Bancomext has granted for "sales," "pre-exports," and "Profimes [expansion unknown]," which became working capital during the previous six-year presidential term, the reason why the net effect these companies will suffer will translate into a considerable increase in their financing costs as this type of credit support dwindles.

If this were not enough, commercial banks have now decided not to grant new credits, because only those granted previously can be renewed. This implies if an exporter increases its foreign sales, it will not get financing to cover this new increase.

Despite these shortcomings, the sources we have interviewed have stated it can be said that despite the current circumstances, Mexican exports will increase by 27 percent, as Secofi forecasted. It is a dream come true, because the cost-country ratio is impossible to bear.

Moreover, if the action plan bases its efficiency on the drastic current account reduction the foreign sales increase will trigger, we could assume the plan will be "unsuccessful," because most of the exporting companies will be left stranded in the middle of the road.

Banks To Allocate Funds To Refinance Mortgage Loans

PA0304172695 Mexico City EL FINANCIERO in Spanish 31 Mar 95 p 5

[Report by Georgina Howard, Miryam Hazan, and Fay Crevoshay]

[FBIS Translated Text] The private banking industry has confirmed it will allocate 32.6 billion new pesos to refinance 35 percent of its mortgage loan portfolio under the investment unit (UDI) system, for periods of 20, 25, and 30 years. Real interest rates will range from 2

percent to 4 percent, no commissions will be charged for the duration of the plan, and prepayments will be accepted.

The Mexican Association of Bankers [ABM] has stated its institutions have agreed to set a fixed interest rate of 8 percent for loans under 200,000 new pesos and 10 percent for larger contracts signed under the plan.

In addition, banks will also earmark 76 billion new pesos to refinance loans signed with small and medium enterprises. Such contracts represent 20 percent of the banks' corporate loan portfolio, meaning 85 percent of their clientele will receive attention.

A third plan, worth an additional \$5.9 billion, will be implemented to refinance 20 percent of their clients' foreign currency loans.

Finance Secretary Guillermo Ortiz Martinez and ABM President Jose Madariaga Lomelin have launched the Support Program for the National Production Sector, by way of the UDI system. The program goes into effect this coming Monday.

During a meeting summoned by the finance secretary with representatives of the private banking industry, it was pointed out that the UDI system will reduce the real interest rates debtors will pay.

Although they gave no details as to what portion of current loans will participate, bankers and authorities have agreed the average interest rate banks will apply will be somewhere between 11-12 percent, given the cost interest will be 4 percent, and loan interest rates will be set by each institution, as banks will accept corporate prepayments without charging any commission fees.

It was noted that the UDI system will significantly help improve bank capitalization. It was also stated that banks have agreed not to use the resulting surplus to grant new loans.

Each bank, according to Madariaga, will be responsible for classifying loans based on the viability of each enterprise. Banks, then, will not have to accept an imbalance between accounts receivable and accounts payable.

Guillermo Ortiz Martinez has said the promise to undertake the loan refinancing plan for the production sector through the UDI system will mean that 85 percent of the banks' clientele will receive attention.

He has said the trust funds to be used to back the refinancing of such loans will have enough resources to ensure strong operations. Reserves will total 15 percent for corporations and 8 percent for mortgage loans.

He has made it clear that credit institutions have agreed to provide any additional funds needed should such reserves dwindle, meaning, he added, banks will reserve 100 percent of the interests they charge and 100 percent of the payments they receive.

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Madariaga Lomelin has said viable businesses whose outstanding loan balances are less than 400,000 new pesos will participate in the production sector support plan. No additional collateral will be required whenever companies are unable to provide such guarantees, and real interest rates paid will be deductible from the company's income tax.

Should a major difference between funding interests rates and SAR [Retirement Savings System] interest rates appear while the trust funds are still in effect, he has said, such differences will be paid to the government and charged to the trust fund residual.

ABM Coordinator Roberto del Cueto Legaspi has affirmed the UDI system will not divert federal government funds to back these refinancing plans, because the capital required for such plans will come from the banks themselves, from the money they receive as payments. The system will not deteriorate the banks' financial situation either.

During a news conference, the program's manager said all these mechanisms will apply to such financial operations as credits, loans, debt notes, and mercantile contracts, but not checks.

UDI's will be worth 1 new peso, he said, which will be adjusted daily in accordance with the rate of inflation. Hence, debtors will maintain a real interest and will not be forced into accelerated payment of their debt. They will always know exactly how much they will need to gain each UDI credit.

Guillermo Guemes, assistant governor of the Bank of Mexico, said there are technical reasons that indicate the "UDLization" of the economy could lead to inflation, but this had not been the case in Chile, where the system was first implemented.

Financial experts in California are not so certain the UDI system will work. "It will not work if interest rates remain fixed and UDI's remain in circulation. Mexico will have two legal currencies: pesos and UDI's."

For broker Pain Webber, "no one believes the government's inflation rate projections, because everyone knows official projections are always designed to minimize." Fixed rates should be completely abolished, because the banking system will end up owing pesos and receiving UDI's.

Robert Mellowe, president of the financial adviser firm RMC&A in Los Angeles, said the Mexican economic policy of late is a tragic comedy of mistakes. UDI's are a good idea that could work if applied properly and not halfway. Deposits, checking accounts, and debts should also be included for the system to work.

Credit Card Debt Said Aggravated by High Interest Rates

PA0304190095 Madrid EFE in Spanish 1108 GMT
1 Apr 95

[By Mabel Montoya Barragan]

[FBIS Translated Text] Mexico City, 1 Apr (EFE)—Credit cards, which 14 million people in Mexico use, have gone from being a modern instrument used for payment to the initiation of a never ending indebtedness aggravated by high interest rates.

Banking interest rates reached levels approaching 140 percent a year by the middle of the month, and this level has debtors of the commercial banking sector up to their necks in debt although a generalized drop in the rates has been noticed during the past week.

Francisco Castro, president of the National Association of Credit Card Holders [Asociacion Nacional de Tarjetahabientes], has told EFE the debt of credit card holders in Mexico amounts to 60 billion new pesos (\$9.23 billion) according to their data.

Thirty percent of the 14 million credit cards issued are overdue (unpaid). This is an alarming amount compared to the United States, where only 2 percent of the credit card holders are in this situation.

Castro has said approximately 3,000 of the credit card holders who have joined the association have done so to defend themselves "with the law in their hands" from "the banks' usury."

The banks are committing illegal acts, such as charging interest on interest and contracting new loans to cover debts, so as to "stifle" debtors even more, Castro has complained.

He has said these acts are the reason for the annulment of contracts with the banking sector and why cardholders who have overdue accounts have a legal basis to defend themselves.

He has said the association members are not seeking a renegotiation with the bank but are seeking that the real debt of each cardholder be determined "in keeping with the law."

The association, which charges \$30.76 to each member, provides members with legal advice on how to protect themselves against seizures and what to do in the face of a legal suit.

Castro added the association provides members with psychological counseling to face the critical situation they are experiencing, because the debts burdening a large part of the population following last December's devaluation of the peso have led to many suicides.

According to figures by the Forensic Medical Service, the number of suicides in Mexico City alone has reached 127 so far this year, and most of them are linked to the current economic situation. These figures constitute a 200 percent increase compared to figures registered during the first quarter of 1993 and 1994.

Arturo Lomeli, president of the National Association of Studies for Consumers' Defense, believes the easiness

with which people can obtain a credit card in Mexico has led thousands of people to incur debts they cannot pay.

Lomeli has said banks and large department stores have issued approximately 14 million credit cards in this country. Although a person uses two or more cards on average, the real number of cardholders is estimated at approximately 6 million.

He has said no family budget or small business budget can resist the high interest rates for long if, for instance, one must pay \$400 in just one month for a debt of \$4,000.

"Credit cards have become only a distressing shortcut in going straight to hell," Lomeli has said.

Many consumers obviously do not consider the shortcomings of this payment system, such as more expensive purchases and the high interests the bank charges if payment is not made within the stipulated time.

Lomeli has said the use of a credit card implies serious risks, because the consumer is always "psychologically willing" to contract debts unconsciously.

The Bancomer Group, Mexico's second leading bank, announced this week a reduction in its types of credit cards from 120 to 80 percent, and several institutions have voiced their willingness to restructure debts, analyzing each case individually.

Article Examines Castes Among Bankers

PA0204194495 Mexico City *EL FINANCIERO* in Spanish 30 Mar 95 p 16

[From the "Business Table" column by Herminio Rebollo Pinal]

[FBIS Translated Text] As a direct result of the devaluation crisis, castes among bankers will appear as of today. One will no longer be able to generalize when speaking about Mexican banks.

The first-rate group, banks that may well be defined as "AAA," will be those that will be able to maintain ownership over the institutions despite the crisis and the capitalization exigencies.

They will keep their "stock sovereignty" intact despite being hit and everything. This will confirm both the banks' capability and availability of resources to keep the boat afloat. Indeed, they have worked hard to meet the exigencies.

Of the more than 30 institutions on the list, eight will win a star: Banamex (Roberto Hernandez); Bancomer (Eugenio Garza Laguerre); Banco Mexicano (Carlos Gomez y Gomez); Atlantico (Jorge Rojas); Promex (Eduardo Carrillo); Banorte (Roberto Gonzalez Barrera); Banoro (Roberto Alcantara); and BanCrecer (Roberto Alcantara).

The "AA" or "lucky ones" will consist of all new institutions that are doing more than good, with no merit other than being new to the business and not having had the opportunity to even have problems for that fact. For example: Capital, of Jaime Weiss, does not have the 8 or 9 percent required by the National Banking Commission. It can brag today about a 28 percent capitalization rate; its matured portfolio is zero.

In addition to Capital, the "AA's" are Industrial (Juan Arturo Covarrubias); Invex (Juan Guichard); Regional de Monterrey (Manuel Rivero); Inbursa (Carlos Slim); Promotor del Norte (Manuel Diaz Rivera); Interacciones (Carlos Hank); Quadrum (Ernesto Warnholtz); Mifel (Ari Backer); Interestatal (Jose Gaspar); and Bajio (Felipe Pablo Martinez).

Rated as "A" banks are Multibanco Probusa of Jose Madariaga, which as of today achieved the sufficient capitalization but at the expense that the Mexican group may lose stockholders' majority. Bank of Bilbao will have between 51-56 percent as of today.

The fourth group, the "B" group, is undoubtedly the hardest hit. This group has realized a capitalization of 9 percent as of today but at the expense of entering the famous Procapte [Temporary Capitalization Program], the Bank of Mexico fund from which it will obtain resources, implicitly, without having liquidity. In exchange, this group has placed before authorities a large number of shares in guarantee.

This list is led by the third bank on the table: Serfin (Adrian Sada Gonzalez), to whom the government will pay approximately 3 billion new pesos, a little OVER 2,909 billion new pesos, which it had to pay at 2.6 times the capital on 26 January 1992.

We are saying Serfin shareholders will have a new potential partner (the government) with over 30 percent of capital.

It is followed by Inverlat (Agustin Legarreta), which has obtained approximately 2 billion new pesos, a little less than the 2,706 billion it had to pay on 9 February 1992 at 3.73 times the operating capital. In this case, its Canadian partner, the Nova Scotia Bank, has simply and plainly said it has postponed for a better time the contribution of more capital. In this case, through Procapte, Inverlat will pledge in guarantee more than 50 percent of its capital.

Then comes Banco Internacional (Antonio Del Valle), which was not aided by its foreign partner, Banco Central Hispano. In this case, Procapte will support it with 900 million new pesos (they paid 1.4 billion new pesos in June of 1992). We are talking about guarantees to the government amounting to 28 percent of the capital.

The list of those who will announce today they will enter Procapte will grow with Bancen (Hugo Villa); Oriente

(Marcelo Margain); and Confia (Jorge Lankenau). In these cases, the proportion of the loan will also be very high.

"C" banks are those under the control of Fobaproa [Savings Protection Banking Fund] or those fully under state control: Banpais, Union, Crema, and Obrero.

The problem is that in this case, there are those who may be categorized as "beyond good and evil." They may become the greatest winners of this collapse: Citibank, J.P. Morgan, Chemical Bank, Santander, and Fuji Bank.

Roundup of Mexican Economic Developments

PA0304205995

[FBIS Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 3 April.

According to a 27 March, Mexico City-dated item, Mexican Petroleum, Pemex, has reported that it collected about \$615 million in crude exports in January 1995; that is, \$135 million more than in January 1994. In a communique, it has stated that 1.28 million barrels per day of heavy Maya, light Istmo, and extra light Olmeca crude petroleum were exported in January 1995, adding the average price was \$16.83 per barrel for Istmo crude petroleum, \$14.32 for Maya, and \$17.14 for Olmeca. The communique reported that 76.9 percent of the exports went to the United States, 10.5 percent to Spain, and 4.6 percent to the Far East. (Mexico City NOTIMEX in Spanish 0307 GMT 28 Mar 95)

Pemex has announced it marketed 520,800 tonnes of petrochemical products valued at 688.4 million new pesos in January 1995, a 1.2 percent increase in volume and 124.4 percent increase in revenues over January 1994. It added the marketing of 194,900 tonnes of other products and special petrochemical products yielded 105.3 million new pesos in revenues. (Mexico City LA JORNADA in Spanish 29 Mar 95 p 48)

According to a 29 March, Veracruz-dated item, the Federal Electricity Commission will earmark 300 million new pesos (\$43 million) in 1995 for maintenance of the Laguna Verde Nuclear Plant. (Mexico City NOTIMEX in Spanish 2128 GMT 29 Mar 95)

Pemex has reported the export price of Maya oil increased by 39.9 percent and olmeca oil by 19 percent between January 1994 and January 1995. (Mexico City REFORMA in Spanish 31 Mar 95 p A-29)

According to a 31 March, Mexico City-dated item, the Mexican Association of Studies for Consumer Defense, Amedc, has announced the price of the Mexican family basket consisting of 87 products increased 2.3 percent in March in comparison to February 1995. Amedc added the price went from 799.32 new pesos (\$115) to 817.93 new pesos (\$118). The association has reported the basket price has increased by 20.6 percent since the economic crisis started on 20 December 1994.

Besides the family basket, Amedc registered price increases of between 10-30 percent in bakeries, restaurants, clothing, shoes, home appliances, books, telephone service, spare parts, medicine, and medical services. (Mexico City NOTIMEX in Spanish 2024 GMT 31 Mar 95)

Luis Felipe Gonzalez Villareal, secretary of the National Banking Commission, has announced the federal government has designed a program dubbed the Temporary Capitalization Program to assist banks currently facing financial problems. He added that Serfin, Inverlat, Vital, Confia, Banco Del Centro, Banco de Oriente are the banks that will join this program. (Mexico City XEW Television Network in Spanish 0430 GMT 1 Apr 95)

Legislators, Governors Reject EZLN Proposal on Venue

PA0104183695 Mexico City NOTIMEX in Spanish
2213 GMT 30 Mar 95

[FBIS Translated Text] Mexico City, 30 Mar (NOTIMEX)—Today, Legislators and governors rejected the proposal the Chiapas armed group has made that the peace talks be held in the Mexican capital and assessed they must be held in Chiapas State, because it is a regional conflict.

Although "it is a regional problem in principle that must be resolved there," the parties involved in the Chiapas armed conflict must determine the venue for the talks to seek a peaceful solution, Legislator Humberto Roque Villanueva said.

The president of the Chamber of Deputies Grand Commission added "a venue must be sought in principle. It must be in Chiapas whether it is a church or not." As for the armed group's proposal that national issues be included on the agenda, he said "as it becomes an institutional political force, it must expose and be heeded in any national concern."

Rosario Guerra, coordinator of the people's sector formed by federal deputies, warned there is "a delaying attitude" in the four proposals the Zapatist National Liberation Army (EZLN) has made to hold the talks. This point, the legislator added, "fails to help in the search for tangible solutions" to reach a definite peace in Chiapas.

Luis Garfias Magana, president of the Chamber of Deputies National Defense Commission, rejected that the talks be held in a church. Meanwhile, Cecilia Romero Castillo, deputy coordinator of the National Action Party (PAN) deputies, maintained that "proposing such venues as churches is an absolute lack of respect for all Catholics."

Jesus Ortega, Party of the Democratic Revolution coordinator, said the Chamber of Deputies "would be the ideal and excellent venue for the meetings, but we must

understand that the talks and rapprochement between the parties are of utmost importance at the moment."

Ricardo Monreal Avila, Institutional Revolutionary Party senator, said the EZLN proposal is debatable, because cult centers cannot become political venues. Holding the talks at the UN quarters, he said, would mean the internationalization of the Chiapas conflict, and the university campus does not meet the security requirements needed for the meetings.

He also said the proposal the armed group has made to sit and talk constitutes a good indication that the negotiations will begin soon and that the causes of the conflict that began on 1 January 1994 could be addressed.

Senator Heberto Castillo acknowledged the talks cannot be held, in legal terms, at the Guadalupe Cathedral and basilica and described the holding of the talks in this capital as inadequate, because it would spark inconveniences and politicize the conflict even more.

He also acknowledged that all Harmony Commission members have expressed their satisfaction with the EZLN proposal, but they see a number of difficulties now that make this city unviable after giving it much thought.

In the western city of Guadalajara, the governors of Baja California, Queretaro, Guanajuato, Chihuahua, and Colima States said the talks between the government and the guerrillas must be held in Chiapas. They said the Amnesty Law enacted to lessen the tension in that region clearly states the development of the negotiations must take place there.

Colima Governor Carlos de la Madrid Virgen said this law was created as a consensus strategy that must be respected. Meanwhile, according to Chihuahua Governor Francisco Barrio Terrazas, the armed group's proposal that negotiations be held in Mexico City would be viable if it is a serious proposal and if it yields positive results.

Guanajuato Governor Carlos Medina Plascencia said the negotiations could be held anywhere in the country although the talks must be held in Chiapas, in practice.

Finally, Baja California Governor Ernesto Ruffo Appel said the best conditions to hold talks exist in Chiapas, "ensuring that no political advantages will be capitalized on."

Government Accepts Chiapas Towns for EZLN Peace Talks

PA0204033695 Mexico City NOTIMEX in Spanish
0206 GMT 2 Apr 95

[FBIS Translated Text] Mexico City, 1 Apr (NOTIMEX)—The Mexican Government accepted today five [as received] towns in the southeastern State

of Chiapas as sites for holding the peace talks with the Zapatist National Liberation Army (EZLN) armed group.

In a communique, the Government Secretariat reported that the accepted locations, which were proposed by the Harmony and Peace Commission (COMCOPA), are La Trinitaria, Independencia, Comitán, Palenque, Ocosingo, and Teopizca.

The proposal was received this Saturday in accordance with Article 5 of the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas, the official bulletin stated.

According to this provision, the communique remarked, the COMCOPA will be the one to propose the specific locations for holding the negotiations, which must be agreed by the parties.

The Government Secretariat asked the National Mediation Commission (Conai) to inform the EZLN and COMCOPA of its acceptance of any of the locations proposed.

The Zapatist Army had proposed four possible sites in Mexico City for the resumption of the peace talks and suggested five points for the agenda of discussion.

In a communique disclosed this week in San Cristobal de las Casas, Chiapas, the EZLN recommended such locations as the Guadalupe Basilica, the metropolitan cathedral, the National Autonomous University of Mexico, or the UN office.

The document, signed by "Subcommander Marcos," established that the four proposed locations "meet the conditions of autonomy and neutrality necessary for the physical space of the dialogue."

The communique considered that the presence of the Mexican Army in Chiapas, where the EZLN emerged in January of 1994, and "its proximity to the towns preclude a direct meeting in the area."

The armed group, which has presented Indian and political demands, proposed to establish a "stable and lasting truce" and to discuss "political, social, cultural, and economic issues at the national and state level."

The points on the agenda, according to the EZLN, will include, among others, measures of detente that will eradicate the possibility of the resumption of hostilities, "a regional conciliation agreement, a cease-fire agreement," and their "political and social participation in society."

Deputy Demands PGR Reveal Masterminds of Colosio Murder

PA0404041795 Mexico City Radio ACIR Network in Spanish 0000 GMT 4 Apr 95

[From the "Evening News Panorama" newscast]

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[FBIS Translated Text] Congressmen today demanded that the Attorney General's Office [PGR] clarify Luis Donaldo Colosio's murder once and for all. They said it is even more necessary now that President Zedillo has recognized that the crime was the result of a plot to destabilize the country.

Ramon Sosa Montes, a member of the follow-up commission on the Colosio case, said that following President Ernesto Zedillo Ponce de Leon's recognition that Luis Donaldo Colosio Murrieta's murder was the result of a plot, the PGR should disclose the names of the individuals who masterminded the crime.

He specifically said that the masterminds should be investigated because their main objective was to divide and destabilize the country. He added that national unity is at stake and that there are many questions to be answered, such as who wanted to destabilize the country and who benefited from undermining the Mexican political system. The PGR should answer those questions, he said.

Sosa Montes said that the fact that the president said there was a plot implies that he must have valuable information that should be made known.

[Begin Sosa Montes recording] We are afraid that if the names of the individuals who masterminded this crime are not published, there could be many more attacks. The [word indistinct] situation is very difficult, and the only way to prevent similar cases is to arrest those who masterminded the crime. [end recording]

According to Sosa Montes, if the motive of the crime has been determined, the names of the masterminds should also be known. He added that their names should be disclosed, and they should be punished according to the law.

The threat of more attacks is real, so it is necessary at this time to investigate and clarify the case; otherwise, the political situation in Mexico could change drastically.

PRI Leader Notes Drug Trafficking in Political System

PA0304034095 Mexico City XEW Television Network in Spanish 0430 GMT 30 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The national leader of the Institutional Revolutionary Party [PRI] admitted today that narcotics trafficking has extended its tentacles into the political system of Mexico.

PRI President Senator Maria de los Angeles Moreno was interviewed on the subject of the alleged penetration of drug trafficking into the Mexican political system.

[Begin Moreno recording] I think that it has unfortunately penetrated into practically all countries of the

world. I think its nets are very strong and reach all corners. That is why these nets are so powerful. [end recording]

She said that narcotics trafficking is a cancer that must be fought intensely until it is eliminated, as it hinders the healthy development of Mexico.

[Begin recording] [Unidentified reporter] Must it be attacked at all political levels?

[Moreno] Absolutely. [end recording]

The PRI leader reported that her party is already working on the national development plan with very clear goals.

[Begin Moreno recording] We want to guarantee a sustained growth, a more equitable distribution of resources, and social justice. [end recording]

Maria de los Angeles Moreno was interviewed after she met with senators, deputies, and alternate members of the assembly of the federal district. In the presence of their party president, the alternate legislators demanded they be paid a salary, or at least a per diem. They claim their work is not recognized, they have no privileges, they are considered third-rate members, and they have no rights to make statements or cast votes.

Judge Withdraws From De Tavira Case

95WB0028A Mexico City PROCESO in Spanish No 958, 13 Mar 95 p 45

[FBIS Translated Text] On Friday, 10 March, the eighth judge of criminal proceedings in the Federal District, Carlos Arellano, declared himself disqualified in connection with the case involving Juan Pablo de Tavira. He thereby confronted the Attorney General's Office with the dilemma of repeating the remand for the presumed homicide attempt now before a Mexico State judge, or else dropping the matter.

Juan Pablo de Tavira, the Federal Judicial Police director, presumably suffered an attack against his life on the night of 23 December, which left him with a delayed demyelination syndrome. The loss of myelin causes the brain impulses to be lost. After an investigation lasting over two months, the Attorney General's Office brought a charge of damages against Alberto Castillo de la Riva, De Tavira's chief aide.

The Attorney General's Office did not announce what its next step would be. Moreover, De Tavira's relatives told PROCESO that they were optimistic after a meeting held at the end of last week with all the physicians who have treated De Tavira. They commented: "At least the demyelination process has been halted, and there appear to be signs that a slight myelination process has started."

De Tavira is currently undergoing neuropsychiatric treatment to regain the functions of coordinating and organizing his thoughts, but has not yet succeeded in

doing so. De Tavira, ex-director of the Almoloya prison, has received offers of medical treatment from the United States and Cuba.

PJF Agents Charged With Cocaine Theft

95WB0029B Mexico City EXCELSIOR Third "A" Section in Spanish 14 Mar 95 p 4

[Article by Rafael Medina and Roberto Melendez]

[FBIS Translated Text] The Federal Public Prosecutor's Office took penal action against 14 Federal Judicial Police [PJF] counternarcotics agents who, taking advantage of their positions, stole and marketed 52 kg of cocaine base.

The authorities declared: "The drugs stolen by the now ex-public servants, who have confessed to the charges, were part of a shipment of 1,200 kg intercepted in early December, in the municipality of Navojia, Sonora, where three airplanes also were seized."

Based on the investigations conducted by a special group of federal agents, it was discovered that those now indicted, including the counternarcotics unit second commander, Leopoldo Arturo Moreno Rodriguez, pilot Marco Antonio Hidalgo, and agent Alejandro Guerrero Saavedra, took possession of at least 52 kg of cocaine base. They sold it and realized a large profit.

There are now clues for capturing those who purchased the alkaloid, according to the police, who also commented: "They are members of groups engaged in distributing and processing drugs in the northern part of the country."

On the same occasion, the police authorities stressed that, at the precise instructions of the PGR [Office of the Attorney General of the Republic] chief, there has been a reinforcement of "the systems for monitoring the performance of those employed in the PGR." They claimed that any member caught in illicit acts will be severely punished.

They added: "Those working in the PGR must not only conduct themselves efficiently, but also with integrity and uprightness. They must base their actions on legality and complete respect for human rights. Those who deviate from this course of action will not only be dismissed, but also remanded, as occurred in this case."

Army Destroys 523 Nayarit Plantations

95WB0029C Mexico City EXCELSIOR STATES SECTION in Spanish 8 Mar 95 p 2

[FBIS Translated Text] Tepic, Nayarit, 7 Mar—Last month, members of the 13th Military Zone destroyed 120 marijuana and 403 poppy plantations with crops ready for harvesting by the drug growers in Nayarit's sierra region. This announcement was made today by Commander Jorge Isaac Velazquez Fuentes.

He added that the cannabis crops covered an area of 92,495 square meters, and the poppies, 489,139 square meters.

Among them, he underscored that there was one growing on three hectares, with plants 70 cm tall. It was discovered in the municipality of El Nayar.

He indicated that the destruction of the 523 crops was achieved with the support of military personnel belonging to the 86th Infantry Battalion, with headquarters in the town of Acaponeta.

Velazquez Fuentes concluded by reporting that troops are currently deployed to carry out Regional Operation I-95, covering the state's entire territory. They will operate primarily in the Vallejo sierra region, in the town of Compostela, and in the municipalities of Huajicori, El Nayar, and La Yeseca, localities in which there is a proliferation of drug planting and cultivation.

PGR Incinerates Marijuana in Chihuahua

95WB0029D Mexico City EXCELSIOR in Spanish 8 Mar 95 p 36-A

[Article by Manuel Cabrera Garcia]

[FBIS Translated Text] Ciudad Juarez, Chihuahua, 7 Mar—Today, in this town, the Attorney General's Office (PGR) incinerated eight tons of marijuana seized in various operations during the past 30 days. The report was made today by the Federal Judicial Police (PJF) regional first commander, Francisco Sanchez Naves.

During the aforementioned interval, PJF agents detected large amounts of smuggled drugs transported by traffickers in various ways: among avocados, with chemical solutions, and with other substances to disguise the drugs, all destined for the United States.

He explained that the drugs, worth \$15 million on the illicit markets in the neighboring country to the north, were incinerated under the PGR's supervision. He added that there are five more tons in the department's warehouses, scheduled for burning next week.

This is the largest volume of drugs incinerated by the department in this town since the battle against the drug traffic began.

The officer noted that four trailer and tank trucks involved in the illicit drug business have been confiscated.

The PGR's representative in the state, Arturo Chavez Chavez, for his part, announced that, on Thursday, the department will simultaneously destroy drugs in its warehouses in Hidalgo del Parral and here.

He concluded by saying that 20 individuals were arrested during the drug seizures, and were later admitted to the local prison center, where they are being held for trial.

INCD Razes Crops in 5 States

95WB0029E Mexico City EXCELSIOR in Spanish
9 Mar 95 p 32-A

[Article by R. Medina and R. Melendez]

[FBIS Translated Text] Over 1,700 marijuana and poppy plantations have been discovered and eradicated by members of the National Institute To Combat Drugs (INCD) assigned to Chihuahua, Sinaloa, Sonora, Jalisco, and Nayarit States. During the operations, in which there were no recorded incidents or confrontations, four presumed public poisoners were arrested and two camps dismantled.

Apart from the preceding, the Attorney General's Office [PGR] noted, medicines, quilts, fertilizers, hoses, poppy and marijuana seed, irrigation equipment, and other implements used by the presumed traffickers to plant, cultivate, harvest, and package drugs were confiscated. They are now at the disposal of the Federal Public Prosecutor's Office, together with a 30-30 caliber shotgun.

It was emphasized that INCD personnel, backed by the PGR's air fleet, succeeded in detecting at least 1,700 cannabis indica and poppy plantations in the municipalities of Guadanares, Guadalupe y Calvo, Morelos, Ubique, Babillas, and Guachochi, among others. Situated on an area of 183 hectares, they were eradicated manually, and by fumigation and incineration.

The INCD revealed that over 100 Federal Judicial Police agents, as well as pilots and navigators, participated in the operations. On one of the plantations, they arrested Manuel de Jesus Aguirre, who had in his possession a 30-30 carbine, marijuana and poppy seed, and 10 grams of opium.

Traffickers Foil Air Pursuit, Flee With Cocaine

95WB0029A Mexico City EXCELSIOR in Spanish
15 Mar 95 pp 30-A, 31-A

[Article by Rafael Medina Cruz and Roberto Melendez]

[FBIS Translated Text] After a pursuit in the national air space lasting over six hours, the Attorney General's Office [PGR] was able to seize a Super Caravelle airplane with Colombian registration HK- 3836. It is presumed to have been carrying nearly two tons of pure cocaine, which its crew succeeded in unloading after landing. They impeded the government aircraft's descent by parking several vehicles on the runway.

The preceding was confirmed by the department itself, which explained that the confiscation of this aircraft was the first of its kind made in our country. This was due to its size and large capacity.

It was claimed that the PGR planes pursuing the Colombian aircraft were unable to land as the Super Caravelle

had. The latter did so immediately and, while it was occupying the runway, the drug traffickers positioned cars to prevent the government planes from landing.

Once they had landed, a dozen individuals waiting for the plane began the unloading work, which lasted approximately 19 minutes. The merchandise, presumably cocaine, was quickly put into several vehicles (besides those placed on the runway), so that they could leave the area under cover of darkness.

The government aircraft pilots, who even filmed the activity, requested cooperation from the Army and the Federal Highway Police to back up the personnel from the National Institute To Combat Drugs [INCD]. They arrived six hours later by land, at the site located in San Rafael, in the municipality of Hermosillo, Sonora.

The place where the Colombian plane landed is a clandestine airstrip completely camouflaged on both sides, and difficult to find.

The preliminary investigations conducted at the order of Attorney General Antonio Lozano Gracia revealed that the plane, with a cost exceeding \$7 million and a 126-passenger capacity, had its seats removed and its interior equipped to hold cargo. It is owned by the Colombian firm, Specialized Cargo Services Company, Ltd.

Through the respective diplomatic channels, the Mexican authorities have already exchanged information on the company's owners. They are investigating Pascual Bravo Munoz, of Colombian nationality, a prominent businessman in that country.

A total of 400 Mexican Army troops, and 50 members of the National Institute To Combat Drugs, as well as Federal Highway Police personnel, carried out a special operation in an attempt to locate the drugs. It is presumed that they may be concealed at some farm close to the area where the Colombian plane landed.

According to the official reports submitted to the PGR chief, the pursuit began at approximately 2030 hours on 11 March. It was intensified three hours later, until the "narcopilots" were forced to land in the vicinity of the settlement of San Rafael, near Hermosillo, Sonora, at 0240 hours on 12 March.

Seized in addition to the Colombian plane were a black Grand Cherokee jeep with Sonora plates VTP-4337 (whose owner is now being investigated), a green Chrysler Ram Charger van with Sonora plates UN-35209, and a white Ford pickup truck.

Eight PGR helicopters are backing the Army, INCD, and Federal Highway Police operations from the air, so as to confiscate the drugs and arrest those who received them.

Discovered on the Colombian plane were 99 empty drums for holding turbojet fuel, each with a 200-liter capacity.

Guatemala

De Leon on Butrus-Ghali Visit, Explosion, New Minister

PA0304234495 Guatemala City Telesiete Television in Spanish 1900 GMT 3 Apr 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio has described the visit by UN Secretary General Butrus Butrus-Ghali as very positive for the country. The secretary general came specifically to endorse the peace and national reconciliation process. De Leon also commented on the explosion near the presidential building on Sunday [2 April] night and swore in the new communications minister.

[Begin De Leon recording] We cannot draw any clear conclusions about the explosion yet. A judge has reportedly issued a statement saying that the person who died in the explosion apparently was carrying the explosive device. We cannot, however, express an official opinion until we have sufficient information. [end recording]

De Leon also discussed Butrus Butrus-Ghali's visit:

[Begin De Leon recording] [Words indistinct] experience in war processes and peace processes seem to indicate that peace is near [words indistinct] the best sign that peace is near [words indistinct] economic and social development. His concept of peace is similar to mine. Economic and social peace is not difficult, and neither is overcoming extreme poverty [words indistinct].

That is what he said in his speech in Copenhagen, and that is what he has always regarded as a (?general) peace. Those who do not want us to attain peace put all sorts of obstacles in our path to the development, which will get us out of poverty and [words indistinct] obstacles, and possibly there will be more along the road [words indistinct]. He expressed unconditional support for the peace plan that he presented, which consisted of the three R's: reconciliation, reduction of poverty, and respect for the people's social needs [words indistinct]. Upon receiving the United Nation's unconditional support, I told him about my government's political resolve to stay at the negotiating table until peace is signed, regardless of the impediments. [end recording]

De Leon also reported the resignation of Jorge Erdmenger and swore in his replacement, Ernesto Ramirez Pereira, as the new communications minister. He also appointed and swore in Silvia Tejera de Jimenez as the presidency's new public relations secretary.

Army Spokesperson Links Terrorist Attack to Guerrillas

PA0304231695 Guatemala City Telesiete Television in Spanish 1900 GMT 3 Apr 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] A terrorist attack near the National Palace last night may have tarnished UN Secretary General Butrus Butrus-Ghali's visit to Guatemala.

The Guatemalan Army reported today that the person who was killed and the one who was injured last night when a bomb exploded near the Presidential Palace are reportedly linked to the guerrillas.

Army Spokesperson Edith Vargas de Marroquin said that Carlos Rene Ixcot, who died in the explosion, and university student Diana Carnera, who was injured, were carrying intelligence documents [words indistinct] guerrillas. According to the Army, the site of the explosion suggests that the presumed rebels intended to plant the device at the Presidential Staff headquarters. Vargas de Marroquin added that according to Army investigations, Ixcot and Camera, who tried to enter the Presidential Palace as journalists, activated the bomb in a suicide action. The presumed terrorists did not manage to reach the Presidential Palace as the bomb exploded more than 100 meters from the building.

According to the Army, the suspected guerrillas belonged to a urban commando of the Rebel Armed Forces, FAR, which is one of the four armed organizations comprising the URNG [Guatemalan National Revolutionary Unity].

Defense Minister on Alleged CIA Involvement, Coup Rumors

PA0304151495 Paris AFP in Spanish 0938 GMT 3 Apr 95

[By Luis Torres de la Llosa]

[FBIS Translated Text] Guatemala City, 3 Apr (AFP)—Guatemalan Defense Minister General Mario Enriquez said the scandal over links between Guatemalan military men and the CIA "worries" the military institution, and he has denied there are coupist intentions within its ranks.

The controversy unleashed by an alleged CIA involvement in the death in Guatemala of a U.S. citizen and a guerrilla "affects us spiritually and morally, and we are concerned and want the truth to emerge," Enriquez told AFP during an interview the evening of 2 April.

According to the minister, "this situation will benefit not only the armed institution, but I am certain it will strengthen relations with the United States and will also help uncover the truth in Guatemala."

U.S. Secretary of State Warren Christopher said on 2 April the United States "is not pleased" with the investigation conducted by authorities of the Central American country. In this regard, Enriquez said only the Guatemalan Government "has made great efforts."

Based on confidential information, New Jersey Representative Robert Torricelli charged that Guatemalan Army Colonel Julio Roberto Alpirez ordered the murder

of Michael Devine, a U.S. citizen living in the Guatemalan jungle in 1990, and of Efraim Bamaca Velasquez, a Guatemalan guerrilla married to a U.S. lawyer, in 1992.

Enriquez said last week Alpirez will not be removed from his post until evidence to support charges against him are presented.

This scandal in Guatemala has displaced domestic problems from the headlines during an electoral year that promises to be difficult for President Ramiro De Leon Carpio, who is facing the discontent of business sectors over his fiscal reforms.

The sudden return to Guatemala of De Leon Carpio, who left the Central American summit in San Salvador unexpectedly on 30 March, fueled rumors of a coup d'etat and plots against the president.

Enriquez flatly denied the possibility of a constitutional break by Army officials, but he warned of the existence of groups, which he did not identify, that could favor a coup d'etat.

"We firmly believe the idea of a coup d'etat has been completely banned in the minds of the officers. It could exist in certain interested groups, but that no longer exists within the Army," Enriquez said.

In a speech delivered the evening of 2 April during a dinner in honor of UN Secretary General Butrus Ghali, De Leon Carpio warned that in Guatemala, "there are enemies of peace; some do not want peace." "There are major obstacles," he added, "and among them are groups that reject progress, groups that refuse to understand peace."

As he was welcoming Butrus-Ghali and his delegation at the presidential house, an explosive attack a few blocks away killed one person and injured another in an incident that has not yet been clarified.

As for charges against other Guatemalan officers leveled in the U.S. media, Enriquez said the polemic "has been magnified" after the CIA was involved and has acquired unexpected proportions.

Colonel Otto Perez, Presidential Staff chief, is among the top Army officials mentioned by the U.S. media. Perez has told AFP he gives "no credibility" to such reports. "I categorically reject what is being said about me. I categorically reject it," he has said. "I trust this issue will not affect me; because the article mentioning me contains false information," Perez added.

As for the scandal unleashed by Torricelli's charges, the colonel, who has also dismissed coup d'etat rumors, has said "we do not believe it will have any direct effects on or cause any problems within the Army."

De Leon 'Satisfied' With Agreement on Indian Rights

PA0404031395 Guatemala City LA REPUBLICA in Spanish 1 Apr 95 p 5

[FBIS Translated Text] President Ramiro de Leon Carpio held a news conference yesterday and said that the closure of the discussion on the "Identity and Rights of the Indian Peoples," an agreement signed in Mexico City, is more than enough reason for him to feel satisfied with his work in the negotiations with the Guatemalan guerrillas. "I am satisfied, even though we have not signed a peace agreement yet," De Leon said while expressing his opinion on the agreement signed by the Peace Commission [Copaz] and Guatemalan National Revolutionary Unity [URNG] in Mexico City yesterday.

De Leon said that this agreement is "the most important" because it will benefit Guatemala's majority, the Indians. He added that despite negative speculation about the process, the important thing is that "we are bringing peace closer to us." He said that the agreement declares Guatemala to be a "multiethnic, multicultural, and multilingual" country.

Finally, he affirmed his government's willingness to sign a peace agreement "this very day, if possible," although he admitted that attaining peace "could take longer."

Refugees To Participate in Elections

95P20688A Mexico City CERIGUA WEEKLY BRIEFS in English 21 Mar 95

[Published by Cerigua, the news agency of the Guatemalan National Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City, March 17—Some 15,000 returned refugees are preparing to launch municipal candidates for the upcoming general elections, according to Ruben Mejia Lopez of the Refugee Permanent Commissions (CCPP).

Refugee leaders have started organizing in returned communities to set up civic committees to select candidates. Returned refugees plan to launch candidates in the municipalities of Playa Grande and Cantabal, in Quiché province, Barillas and Nenton in Huehuetenango provinces, as well as in other municipalities in Peten and Alta Verapaz provinces.

Refugees say they want to participate in the election process to defend democracy and ensure sustainable development in the returned communities. According to current electoral laws, local civic committees can launch candidates for municipal posts, but not for higher levels of government.

Temporary Suspension of Evictions Criticized

95P20688B Mexico City CERIGUA WEEKLY BRIEFS in English 21 Mar 95

[Published by Cerigua, the news agency of the Guatemalan National Revolutionary Unity, URNG; received via Internet]

[FBIS Transcribed Text] Guatemala City, March 18—A multisectoral committee set up by the government to resolve the country's ongoing land conflicts agreed March 16 to temporarily suspend all evictions from occupied lands. The committee, made up of government, labor and campesino representatives, agreed to halt evictions while it seeks a solution to the crisis.

The March 6 meeting was the first the committee has held since the president ordered its creation February 24 in response to campesino calls for a national dialogue on the land issue.

The few representatives of the nation's landowners who attended the committee meeting walked out to protest the resolution. The National Farming Coordinating Committee was the only of the nation's powerful growers associations to accept the invitation to negotiate the land issue with the government, labor and campesino groups. After five hours of talks, Farming Committee representatives Gustavo Anzueto and Roberto Diaz said it was impossible to find common solutions to land ownership and rural poverty.

The Chamber of Agriculture and the General Agricultural Producers Association (AGA) did not participate in the talks. But the associations took out an advertisement in the daily Siglo Veintiuno condemning the committee's resolution. "No functionary or citizen is authorized to refuse to carry out a court order," read the advertisement, referring to the committee decision to suspend the court eviction orders. "The public functionaries and pseudo-campesino leaders who are guarantors of this agreement are showing their absolute disrespect for the law."

While talks to resolve the land issue get off to a slow start, land invasions by protesting farm workers and peasants continue. Mam peasants occupied San Roque estate on the border of Retalhuleu and Quetzaltenango provinces March 17. The peasants say the government promised to buy them the land 11 months ago, but nothing has happened since. And in Retalhuleu province, some 500 police prevented campesinos from taking over San Caralampio in Santa Cruz Mulua March 15. The peasants say the lands historically belong to them.

Honduras

Discua Denies Blaming U.S. for Human Rights Violations

PA0404000495 San Pedro Sula TIEMPO in Spanish 3 Apr 95 p 7

[FBIS Translated Text] Tegucigalpa—General Luis Alonso Discua Elvir, commander in chief of the Armed Forces, sent a note to U.S. Ambassador William Pryce clarifying that at no time did he say that the United States was responsible for human rights violations in Honduras.

Colonel Napoleon Santos Aguilar, director of the Armed Forces Public Relations Directorate, said that this clarification was also made to President Carlos Roberto Reina.

According to a German newspaper, Discua Elvir had said that the United States was responsible for human rights violations because it forced the Army to apply the security doctrine in the 1980's.

"We have our own recordings, and we are surprised to see statements attributed to the commander in chief that he never said," Santos Aguilar said.

He explained that other false reports published in certain media claim Discua Elvir has an ongoing rift with President Reina.

"These situations are not true and are reminiscent of the confrontational mentality that existed during the past decade," the spokesman said.

Panama

Architect Comments on Government City Proposal

PA0304193095 Panama City Circuito RPC Television in Spanish 1200 GMT 3 Apr 95

[Interview with architect Ramon Adames, of Panama's Econoplade Company, by Hugo Famanian at the RPC studio in Panama City; from the "Waking Up With the News" program—live]

[FBIS Translated Text] [Famanian] You have already presented to the Housing Ministry a proposal on the government city, if memory serves me correctly. I want to know whether this proposal is a private initiative or part of the government announcement for a government city.

[Adames] This initiative is in keeping with the government announcement for a government city. The Econoplade Company has presented a proposal that goes beyond the 100 hectares the government has proposed. We propose that at least 400 hectares are needed to establish a true government city.

[Famanian] Why?

[Adames] Because 100 hectares can house only government buildings and after 1600, when the employees leave for home, it will become a dead city. We believe 400 hectares, including space for housing, a civic center, stores, services, hotels, squares, and recreation areas would enliven the government city the rest of the day.

[Famanian] What incentives, for example, would there be to build a hotel in this place?

[Adames] There are good incentives. Many people come to make transactions with the government and would

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lodge in a hotel near the government city. The government city we are proposing would be ecotourist in nature; it would be ecological and touristic at once and would also finance itself.

[Famania] What would this be like and how would it work?

[Adames] It would be ecological, because flora and fauna would reign there. We cannot destroy what we now have in the Canal basin....

[Famania, interrupting] In other words, the environment will be respected.

[Adames] The environment will be respected; that is correct. This aspect is contemplated in the design. Moreover, buses there will not spew black smoke. We would have small air conditioned buses, probably a small train. That is what we have planned.

[Famania] How many lanes would the streets have, for example?

[Adames] There would be streets of various sizes, depending on the place. We have planned different kinds of streets. It would be touristic, because it would be 2 km from the Canal, and with all the services I mentioned, we definitely want this to become a model city among the government cities.

[Famania] Clarify something for me. I understood the city would be transferred, I mean, the ministries would be transferred to a reverted area with buildings already in place. It seems you are talking about building new ones.

[Adames] Correct, and by the way, that is a deficiency of the state. It fails to guarantee good operation, because it always.... [pauses] The state, for example, pays \$17 million, \$12 million of which are in the metropolitan area, per year renting buildings to house its offices. These buildings were not designed for this purpose but were improvised. If you go to any ministry or state institution to make a transaction or obtain a document, you end up frustrated, because they cannot fully meet your needs, and this point is the real reason: inefficiency of the very design of the building, which was not designed for this purpose.

[Famania] What would be the difference with buildings built specifically to house ministries?

[Adames] We believe we would achieve a 30 percent efficiency rate; this cannot be gauged in monetary value but could be from \$20 million-\$30 million. You would be attended quickly.

The buildings which we have designed, which we are proposing are intelligent buildings. They must be in fashion, modern ones. They should be designed for our climate, should be responsive to the surroundings, the

internal micro-climate; that is, the air conditioner should work well, and there should be a pleasant habitat. People who go there to obtain a document should be attended quickly as a result of this design. Moreover, we believe they should have three or four underground levels as opposed to tall high rises.

[Famania] Why? What is the difference between....

[Adames, interrupting] Because tall buildings always face the problem of broken elevators and blackouts. How will you carry out a transaction on the 17th floor? How will you get there if you are 50 or 60 years old?

[Famania] The main criticism is investing millions in building a city of this kind. People wonder whether this is profitable in comparison to the amount the state is spending for rent. Have you studied this point?

[Adames] That is specifically the reason. If 100 hectares are used, it will be difficult to recover cost, but if 400 hectares are used, including land to sell to the embassies, services, hotels, and housing around the project.... [pauses] Plots that are already urbanized would be sold, and the project would finance itself. The state would stop paying rent after the first four years and could invest that amount to amortize the buildings that will belong to the state.

[Famania] What kind of investment will the construction of this city require?

[Adames] We have calculated it will cost about \$250 million-\$300 million.

[Famania] When will that money be reimbursed? You did say this project would finance itself.

[Adames] It would finance itself. The state would own the project in about 20 or 25 years.

[Famania] I see, 20 or 25 years. What are the advantages of the government having a government city?

[Adames] Efficiency, as I said, is one. The other could be the 15,000 direct jobs the government city would produce, plus the permanent jobs that could come later. As you know, Panama City is elongated; thus, public services, such as transportation, refuse disposal, and such, are expensive. That makes everything else expensive. There could be another advantage here. The fact the government city will be located north of Fort Clayton could make it the center for development, an aspect which would make the city become a little more circular, thus making it a much more efficient city.

[Famania] That is all very well, but we must remember our public servants who earn a low wage and live on the outskirts of the city. They barely make it to the center of town as it is. They would have to provide for an increase in their expenses, because they would have to travel all the way to the government city. Have you taken that point into consideration?

[Adames] There are different ways of looking at this economy. Part of the savings will be for the people, but we cannot calculate how much that might be. Building the government city would pull 20,000 vehicles off the roads within the city. More than 1,000 new vehicles drive onto our streets every month. Taking 20,000 vehicles and directing them toward the government city along the

Northern Corridor, the construction of which makes much more sense thanks to the government city, will benefit the people.

[Famania] In conclusion, sir, how long will it take to build this city?

[Adames] Four years.

Argentina

Turkish President Demirel Arrives on Visit

PY0304172795 Buenos Aires TELAM in Spanish 2051
GMT 2 Apr 95

[FBIS Translated Text] Buenos Aires, 2 Apr (TELAM)—Turkish President Suleyman Demirel arrived at 1730 today at Ezeiza international airport. Having transferred to the presidential Tango-02 plane, he then flew to Jorge Newbery metropolitan airport, where he arrived at 1745. Demirel, who is the first Turkish president to visit Argentina, was met by Foreign Minister Guido Di Tella and Turkish Ambassador to Argentina Sencar Ozsoy. Demirel will meet President Carlos Menem on 3 April.

Interested in Boosting Bilateral Trade

PY0404040195 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2121 GMT 3 Apr 95

[FBIS Translated Text] Buenos Aires, 3 Apr (NA)—On 3 April, Turkish President Suleyman Demirel expressed his country's willingness to become "the gateway" to the Middle East channeling Argentine exports, and underscored his interest in furthering deeper commercial ties with Mercosur [Common Market of the South] member countries.

The Turkish head of state made these remarks during a luncheon with deputies and senators at the Congress building at noon. On this occasion, he also indicated his interest in boosting bilateral trade.

Demirel began his four-day official visit to Argentina on 2 April. Today, he was received by President Carlos Menem at Government House, where both presidents discussed bilateral economic relations and international political questions.

The following congressmen participated in the luncheon with the Turkish guest: senators Eduardo Menem, Daniel Martinez, Orlando Britos, Jorge Cendoya, Ramon Aguirre Lanari, and Ricardo Branda, and deputies Irma Roy and Carlos Romero.

Turkey's interest in conquering new markets in Latin America is prompted by the need to offset the indirect damage its exports to the Middle East suffered in the wake of the Persian Gulf war.

Another reason for Demirel's visit to our country is to reciprocate the visit Menem made to Turkey in 1993.

Government Releases New List of Missing in Dirty War

PY0304173395 Buenos Aires TELAM in Spanish 2239
GMT 31 Mar 95

[FBIS Translated Excerpt] Buenos Aires, 31 Mar (TELAM)—The administration today released a list of 545 individuals who were arrested and who disappeared during the last military government. The list includes

290 new names that were not mentioned when the National Commission on the Disappearance of Persons (Conadep) issued its final report.

The Human Rights Under Secretariat worked out a new list based "on the information provided by relatives," explaining that "the task does not end here."

The official communique says: "Every day we receive visits from the relatives of missing people and documents to complete the archives of the greatest tragedy in our history, archives that we guard as part of our people's memory."

The list of 545 names released by the government includes new documents ordered in a similar manner to those of Conadep.

"In this list there are 290 names—those marked with asterisks—that are totally new. Conadep was not aware of their existence. We verified them one by one, and elaborated the respective individual dossiers with the depositions of their relatives. In many cases the exact date of their disappearance is not known or have not been sufficiently verified," the communique says.

The documents says: "The other names were already known, but did not have a Conadep dossier because they were included in the Annex Never Again, which was based on information provided by national or international organizations but which was not accompanied by documents or the confirmation of relatives."

"Many more cases are in a process of confirmation. It would not be appropriate to release those names until more documents can confirm their situation," the government communique says. [passage omitted]

Bolivia

Foreign Ministry Official Evaluates U.S. Narcotics Policy

PY0304165295 La Paz Radio Cadena Nacional
Network in Spanish 1100 GMT 3 Apr 95

[FBIS Translated Text] International Relations Secretary Jaime Aparicio has recommended that the United States and the countries of the region redouble their efforts to fulfill their responsibility in preventing the uncontrolled growth of drug consumption, so as not to have struggled against drug trafficking in vain.

He said it is true that drug consumption has increased in the United States and in neighboring countries, and that this is becoming a social problem. He said that the most dangerous aspect of this situation is when the prevailing opinion is that only the drug producing countries are the guilty ones.

He reiterated that a common position, designed by the countries affected by drug production, trafficking, and addiction, must be taken in the struggle against drug trafficking, as was recommended by the action plan

approved by the Summit of the Americas held in the United States last December.

Aparicio noted that in order to fulfill this task there is need for a considerable economic support to meet the demands of interdiction or repression, control over the business of precursors, and other areas in the drug trafficking circuit, which grows because of drug addiction.

Aparicio pointed out that the United States began this decade with a turn in its foreign policy. Before the fall of the Berlin wall in November 1989, the center of attention of U.S. pressure was the Cold War. According to a study by the Foreign Ministry, this event, in addition to the growing narcotics demand, prompted the White House to change its priorities. Before the fall of the Berlin wall the United States used the money laundered from drug trafficking to finance secret and counterinsurgency operations in the region. Before that event, drug trafficking was not important.

Aparicio added that when ideological confrontation was important, even money laundering operations linked to drug trafficking were valid when needed to finance activities against communism. This means the drug issue was not important in those years; communism was. But communism is no longer important, the drug-trafficking problem is now in first place, and the U.S. Government is attacking this issue in an isolated manner which is a problem for us, because that country does not even worry about our country's real situation.

According to the criticisms made by Aparicio, the anti-drug tasks must be carried out multilaterally, with clear rules in which the sovereignty and integrity of nations would not be in jeopardy.

Short-Term Coca Eradication Plan To Begin 1 Apr

PY0104010995 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 31 Mar 95

[FBIS Translated Text] The government wants to wage an all-out war against the surplus coca production in Chapare.

Therefore, Government Minister Carlos Sanchez Berzain today announced the implementation of a short-term eradication plan.

Minister Sanchez said that the characteristic of the plan, which will be implemented as of tomorrow, is that the eradication will be voluntary, free of violence, and include alternative development.

Sanchez Berzain explained that the government hopes that by the end of the year a total of 5,400 hectares of illegal coca plantations will have been eradicated.

[Begin Sanchez recording] We have designed a short-term eradication program for the entire year and it will be implemented as of tomorrow, 1 April. We have decided that 600 hectares of coca plantations should be

eradicated each month until 31 December. We propose to fulfill the goal, which will become a nationwide objective, of 5,400 hectares until the end of the year. [end recording]

According to government plan, the peasants will receive \$2,500 per eradicated hectare and, according to the minister, the coca growers will receive that money once it has been determined that the plantations have been destroyed.

Brazil

Italian Foreign Minister Meets Cardoso, Signs Agreement

PY0404014795 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Apr 95

[FBIS Translated Excerpt] In response to an Italian Government invitation, President Fernando Henrique Cardoso today attended—via Embratel [Brazilian Telecommunications Company]—the commemoration marking the centennial of the world's first radio transmission made by Marconi. [passage omitted]

The tele-conference was held at Planalto Palace with an audience that the president granted to Italian Foreign Minister Susanna Agnelli, who is making an official visit to Brazil.

Brazil and Italy signed an agreement for mutual promotion and protection of investments. The agreement was signed by Agnelli and her Brazilian counterpart, Luiz Felipe Lampreia. Itamaraty official Vera Machado gave details of the agreement:

[Begin recording] Under the terms of the agreement, the two countries will promote investment and will accord mutual nondiscriminatory treatment to investments. The agreement follows the pattern of the investment protection agreements that we have recently signed with other countries, such as Canada and Finland. [end recording]

Agnelli announced that (Luigi Abeggi), president of the Italian Industrial Confederation, will visit Brazil in June 1995, accompanied by a huge delegation of entrepreneurs. She also announced the official visit to Brazil of Italian President Oscar Scalfaro in the second half of 1995.

The Italian foreign minister also paid a courtesy visit to the Supreme Federal Court. Agnelli talked with Supreme Court President Otavio Gallotti, and asked for information on the extradition of Italians involved in drug trafficking.

Gallotti told Agnelli that a decision will be made on the extradition of mafia member (Antonio Salomoni) as soon as the court receives Italian Government information on reciprocity for Brazilians who are ultimately arrested in Italy.

Gallotti explained that the Brazilian Constitution permits the extradition of foreigners who have acquired Brazilian citizenship and who are involved in drug trafficking, while the Italian Constitution is not clear on this topic.

He also informed the visitor that there were mistakes in the granting of Brazilian citizenship to (Salamoni), because he does not speak Portuguese. [passage omitted]

Cardoso Warns Speculators, Backs Import Tariff Hike

PY0304141795 Sao Paulo AGENCIA ESTADO in Portuguese 1822 GMT 1 Apr 95

[Report by Joao Domingos]

[FBIS Translated Text] Manaus, 1 Apr (AE)—President Fernando Henrique Cardoso today warned Brazilian manufacturers of household appliances about increasing the prices of their products. Cardoso said: "The government will always be alert to price increases." According to the president, the government will lower the respective import tariffs again if manufacturers start increasing the prices of durable goods such as refrigerators, television sets, and others, now that they are free from the competition posed by similar imported items.

Cardoso said the government raised the import tariff on automobiles and household appliances from 32 to 70 percent because Brazil cannot afford not to have a trade balance surplus. Speaking in Manaus, he said: "In fact, we are not going to indulge in this luxury" as though we were a First World country. He added: "We were spending billions of dollars importing luxury cars."

Cardoso described the import tariff increase as a "temporary measure." He said Brazil is still not prepared to allow widespread imports of luxury products as though we were living in the First World. He added: "This would ultimately hurt the workers and the middle class." He noted that the fact that no basic consumer goods have been affected by the import tariff increase will be a key factor in maintaining price competitiveness and in bringing satisfaction to the government. He said: "I feel great satisfaction whenever I hear that housewives are now buying more bread than before."

Cardoso said that the import tariff increase on automobiles and durable goods shows how close the government is watching the action of speculators. He added that they had also tried to speculate with the dollar, but that an immediate action by government officials caused the U.S. currency to regain stability. In this case stability was not obtained through artificial legislation but through interventions by the Central Bank, which sold its dollars to maintain the exchange rate of the real. He added: "Despite rumors to the contrary, I have received information that the Brazilian car manufacturers are willing to keep their current prices."

Government To Offer Compensation Over Tariff Increase

PY0304214895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Mar 95 p B4

[Article by Alberto Tamer]

[FBIS Translated Text] Paris—The Brazilian Government is convinced that it has not violated the GATT rules by increasing its import tariffs on 100 products, but it will inform the GATT that it is willing to offer compensation to the countries that complain in this regard. Such compensation will not be financial, but will be expressed as tariff reductions on other products exported by the country raising the complaint, as an increase of quotas, and other measures of this kind foreseen by the GATT.

Diplomatic sources confirmed yesterday to O ESTADO that the Brazilian Embassy in Geneva has already received the list of products and their respective tariffs with instructions to inform the GATT of the Brazilian decision to offer compensation. The sources explained that when it signed the Marrakesh agreement in April 1994, Brazil negotiated the reduction—to up to 35 percent—of industrialized product tariffs, but over a five-year period. At that time, the average tariff on most products was 105 percent. Consequently, this commitment still gives a broad margin to Brazil. Even so, for some products the current tariff increase may have surpassed this margin. Brazil will grant compensations in those cases.

The same sources added that in the specific case of vehicle imports, there can be a difference justifying a request for 3 to 5 percentage points, which is considered very small. Even so, the government is willing to study each case within the GATT framework. "We did not violate any rule, but we will inform the GATT and we will wait for the reaction of our partners," a source has said. Brazilian Ambassador to GATT Gilberto Saboia will make the official announcement on 31 March or 1 April.

There are other GATT clauses allowing countries to suddenly and substantially increase import tariffs, for example, if there is an exceptional level of imports of a specific product, which may jeopardize one or more local industrial sectors, the "safeguard clause," or if there is a serious threat to the trade balance. The current Brazilian Government decision does not fall under any of those categories.

Justice Minister Discusses Second Operation Rio

PY0304231195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Apr 95 p 16

[FBIS Translated Text] The second Operation Rio will not be limited to the territory of the state of Rio de Janeiro. On 31 March, Justice Minister Nelson Jobim

announced that, during a meeting with Governor Marcello Alencar at Laranjeiras Palace, he began negotiations for integration of the Brazilian Federal Police with the police organizations of Southern Cone countries, in order to tighten border controls. Argentina will be the first country to sign a cooperation agreement to fight drug trafficking and arms smuggling.

Jobim said international agreements will be essential for fighting organized crime in Rio de Janeiro. He recalled that the state does not produce drugs, adding that control of state borders can resolve the problem in Rio de Janeiro, but not in other states. During the meeting, which lasted more than one hour, Jobim and Alencar discussed the final details for integration of the Federal Police into the second Operation Rio. The minister reported that he is organizing a special group of more than 30 agents from several states to take action against organized crime. Jobim said the Federal Police may use a large number of agents whenever necessary.

"We need to do something to show that drug trafficking is not a domestic but an international crime," Jobim said. The minister added that he will coordinate police action in southeastern states to promote cooperation, especially in the area of information. This suggestion was made in March by Governor Alencar.

Espirito Santo Governor Victor Buaiz announced that a drug enforcement agreement has been signed with the state of Rio de Janeiro. He said control of the border between the two states will be tightened during the second Operation Rio. Buaiz said that to this end, General Luiz Edmundo Melo, the Espirito Santo public security secretary, has already contacted General Euclimar Lima da Silva, the Rio de Janeiro public security secretary. "We have weapons and equipment, and we are attentive to the movements of criminals," the governor warned.

Buaiz expressed concern about the migration of traffickers, bandits, and abductors to Espirito Santo. He said the system of controlled access to the state is operating, but admitted that "attention is especially concentrates especially on the movement originating with Rio de Janeiro."

Judge Orders Suspension of Sivam Housing Project

PY0304154295 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Mar 95 Section 1 p 6

[Report by Andre Muggiati in Manaus]

[FBIS Translated Text] Judge Carlos Zamith Junior has ordered the Aeronautics Ministry to suspend the construction of a housing project intended to provide lodging facilities to experts of Sivam (Amazon Region Surveillance System) in Sao Gabriel de Cachoeira (northwestern part of Amazonas State).

Sivam is a \$1.4 billion project consisting of a telecommunications network linked to radars, which will be used to monitor the use of airspace in the Amazon jungle.

The suspension was requested by Amazonas state attorneys Mauro Roberto Veras and Paulo Stelio. Veras said that the construction of this housing project is destroying a historical area of the city.

Veras said: "The ruins of a century-old fort, marking the limits of the city, are located there." Veras added that the houses are destroying the scenery of the Bela Adormecida mountain, where "nature carved the figure of a sleeping naked young woman."

The city of Sao Gabriel da Cachoeira gave the lot for the housing project to the Aeronautics Ministry. Mayor Artur Coimbra (Liberal Front Party) said the court order will jeopardize the development of the area.

The federal government's legal office appealed the court's order.

According to Lieutenant Reinaldo Lima, legal adviser of the 7th Regional Air Command in Manaus, the area is not within the historical monument area, and the housing projects are being built in accordance with the law.

"There must be concealed interests involved," Lima said.

Upcoming Foreign Debt Payments to Paris Club Detailed

PY0304134895 Sao Paulo AGENCIA ESTADO in Portuguese 2154 GMT 31 Mar 95

[Report by Carlos Franco]

[FBIS Translated Text] Brasilia, 31 Mar (AE)—Brazil today paid \$19.3 million to the Paris Club to cover interest on its foreign debt to Austria, Great Britain, and Canada. On 3 April, Brazil is going to pay an additional \$420 million to the Paris Club.

Brazil's next payment to these creditors, the amount of which is yet to be determined, will fall due in June. On 18 April, Brazil will pay \$1.2 billion to the committee of its creditor banks, at which time it will also submit to them nearly \$280 million in U.S. Treasury bonds as guarantees.

Next week the Central Bank [BC] will inform the Switzerland-based Bank of International Settlement (BIS)—which is a sort of central bank of the rich countries—about the exact value of these guarantees. The Brazilian Treasury will transfer this year to the BIS the amount spent by the BC to purchase these bonds late in 1993. This will bring Brazil's total payments to \$1.5 billion.

Disbursements for foreign debt payments are expected to reach \$2 billion over a short time span; that is, in less than a month. These disbursements will have an impact on our international reserves, which are now estimated

at \$30 billion cash on hand, which is the money that is readily available now, excluding amounts to be collected. The latest BC figures on the reserves date back to January, when the reserves—the cash on hand—totaled \$35.929 billion. The Treasury will transfer the value of these payments to the BC, which is the one making payments to the creditors on the international market.

Chile

Poll Views Support for Frei Administration

PY0304222395 Madrid EFE in Spanish 2013 GMT
31 Mar 95

[FBIS Translated Text] Santiago, 31 Mar (EFE)—Fifty-two percent of all Chileans approve of Chilean President Eduardo Frei's administration upon completion of one year in power.

Nevertheless, 75 percent of all Chileans disapprove of Frei's performance in the case of the dispute with Argentina over the territory of Laguna del Desierto.

These are the main conclusions of a poll released today in Santiago by the private consulting company Adimark.

The poll shows that the percentage of approval of the Christian Democratic president's administration is similar to the results obtained by the same company in September 1994, when the approval figure was 52.7 percent.

In the poll, however, the government is greatly criticized for its performance in the arbitration case involving Laguna del Desierto, when sovereignty over that area was granted to Argentina in a ruling later contested by Chile.

In this case, 75.8 percent of those consulted said that the government was "too weak" in its position against Argentina.

In the political field, the main conclusion of the survey shows that from 11 March 1994, when the current government assumed power, to the present, the country's political map has undergone few changes.

In this area, the Christian Democratic president was approved by 29.9 percent of the people, followed by the Party for Democracy (PPD), which is also part of the ruling coalition, with 12 percent, while the figure for the National Renewal, of the opposition of the right, was 9.4 percent.

The Adimark poll also shows that Socialist Ricardo Lagos is considered the most important figure in the government coalition, the Coalition of Parties for Democracy, with 29.5 percent, while President Eduardo Frei obtained only 21.8 percent.

Meanwhile, in the opposition of the right, Andres Allamand, president of National Renewal, appears as the most important opposition figure, followed by General Augusto Pinochet, Army commander in chief and former president of the military regime, with 6.5 percent.

The best rating the government obtained in this evaluation was in the field of international relations, while the poll shows that the country's perception concerning the economy has improved ostensibly as compared to previous years.

The poll also shows that citizens view crime, poverty, health, education, and drug trafficking and drug addiction as the most worrisome issues.

Full Diplomatic Relations With Cuba Not Yet Considered

PY0304220095 Madrid EFE in Spanish 0014 GMT
1 Apr 95

[FBIS Translated Text] Santiago, 31 Mar (EFE)—Chilean Foreign Relations Under Secretary Mariano Fernandez reported today that the issue of resuming full ambassadorial-level relations with Cuba has not been included on the Chilean Foreign Ministry agenda for the time being.

Fernandez made this statement after a meeting with Cuban Vice Foreign Minister Fernando Ramirez de Estornoz.

Fernandez said that "we have not modified the position that is known to all, and we are developing our ties with Cuba at a consular and commercial level. On this point I have nothing else to add."

Chile and Cuba severed diplomatic relations after the 11 September 1973 coup, but ties were resumed at the consular level after the meeting between then Chilean President Patricio Aylwin and Fidel Castro within the framework of the Ibero-American summit held in July 1991 in the Mexican town of Guadalajara.

The Cuban vice foreign minister told the local press at the Chilean Foreign Ministry that the issue of an eventual resumption of full diplomatic relations "is just coming to the fore now" with the queries from journalists.

He said that "we have talked with Under Secretary Fernandez for more than an hour, analyzing many subjects, including concrete cooperation in tourism, investments, culture, and sports, among other areas."

The Cuban vice minister said that in his judgment, "the most important thing is the existence of these ties, especially the economic ties, and from that point of view, we think there is much to be done. Therefore, we are willing to continue advancing by mutual agreement."

Ramirez de Estornoz was in Chile to participate in the 14th Regional Conference of the Organization for the Prohibition of Nuclear Weapons in Latin America and the Caribbean, which ended yesterday, 30 March, in the town of Vina del Mar.

'Harassment,' 'Diplomatic Immunity' of Observatory Viewed

PY0304215095 Madrid EFE in Spanish 2131 GMT
31 Mar 95

[FBIS Translated Text] Santiago, 31 Mar (EFE)—Chilean Foreign Minister Jose Miguel Insulza today

confirmed the resolution of his government to defend the jurisdictional immunity of the European Southern Observatory (ESO). A police squad forcibly entered the ESO installations in Cerro Paranal on 30 March.

Foreign Minister Insulza said he will meet with Supreme Court President Marcos Aburto "to discuss the issue." He added that the government will respect the constitutional precept of fully respecting court decisions.

The minister admitted receiving verbal protests from the ambassadors of the eight European countries that participate in ESO and with whom he will meet in the next few hours.

On 30 March, ESO denounced a campaign of "harassment" against it and issued a communique in which it complains that the entry by court officials and police agents "are a violation" of their immunity.

In the note, ESO characterizes the incident as "a very serious and unprecedented event in the history of relations between an international organization and its host country."

ESO is installing the largest telescope in the world (VLT) at Paranal Hill, 1,250 km north of Santiago, on land donated by the Chilean state in 1988, but the land is being claimed by Chilean citizens.

Court and police officials entered the premises on a Supreme Court order to see and photograph the status of the works, which have been ordered suspended.

Last November the State Defense Council, at the petition of the Foreign Ministry, asked the Supreme Court to annul proceedings on the grounds that an agency with diplomatic immunity cannot be tried.

The Supreme Court froze all works until the basic issue can be resolved.

Foreign Minister Insulza said today the situation is a paradox because the Chilean courts have yet to decide if ESO has immunity.

Insulza said: "The strange decision to leave the issue of immunity until the final ruling merely allows the implementation of decisions that will affect such immunity."

Francisco Russeler, an ESO official, said on 31 March that the organization's relations with the Chilean state are at stake.

He said an important issue to consider before investing "is the confidence in the stability and continuation of state policies."

Participating in ESO are Germany, France, Belgium, the Netherlands, Italy, Denmark, Sweden, and Switzerland. They have already invested \$500 million in the VLT project.

Italian Foreign Minister Arrives on Official Visit

PY3003120995 Madrid EFE in Spanish 0026 GMT
28 Mar 95

[FBIS Translated Text] Santiago, 28 Mar (EFE)—Italian Foreign Minister Susanna Agnelli, who arrived yesterday in Santiago on an official two-day visit, expressed her hope that Chile will soon join the Common Market of the South (Mercosur).

Chile is currently negotiating its eventual membership in Mercosur, comprising Argentina, Brazil, Paraguay and Uruguay, but is still submerged in disagreements over customs tariffs.

Foreign Minister Agnelli also said she is in Chile "to visit my friend President Eduardo Frei, whom I met 15 days ago in Milan," during his tour of six European countries.

Agnelli declined to comment on the trial being held in Italy with regard to the frustrated assassination attempt on Chilean Vice President Bernardo Leighton, which occurred in Rome in 1975, and involves one-time agents of the secret police of the former military regime headed by General Augusto Pinochet.

In this regard, Susanna Agnelli merely responded that "the case is being handled by the courts."

Agnelli was welcomed at the Santiago international airport by Foreign Ministry Under Secretary Mariano Fernandez because Foreign Minister Jose Miguel Insulza is in Vina del Mar attending the general conference of the Organization to Ban Nuclear Weapons in Latin America [OPANAL].

Foreign Minister Agnelli is scheduled to meet President Eduardo Frei tomorrow. After this meeting, she will hold a working meeting with Foreign Minister Insulza.

Later, she is scheduled to meet Josefina Bilbao, head of the Women's Secretariat, and Jaime Estevez, president of the Chamber of Deputies.

Agnelli is scheduled to depart Santiago on 30 March aboard a military plane that will take her to Mendoza, Argentina.

Colombia

Ministers Support Samper Handling of U.S. Relations

PA0404035795 Santa Fe de Bogota Inravisión Television
Canal A Network in Spanish 0230 GMT 4 Apr 95

[Declaration issued by the Colombian Council of Ministers at Narino Palace on 3 April; from the "QAP News" newscast]

[FBIS Translated Text]

Declaration

The ministers meeting here today unanimously declare:

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1. After examining the defamatory campaign the Pastrana family has been conducting against Colombia's institutions and good name, which distresses the sensibilities of honest men and creates a legitimate sentiment of disapproval among Colombians, we express our support for the dignified, balanced manner in which the president of the Republic has managed bilateral relations with the United States in these difficult times and the way he has placed the high interest of the nation above the slanderous expressions that have originated from several sectors that the country knows well enough.

2. We reject the continuous cowardly and irresponsible propagation by several political sectors, LA PRENSA newspaper, and other media sources of ill-intentioned and baseless rumors against ministers, secretaries, presidential advisers, and even the president of the Republic himself.

3. As true democrats, we acknowledge that any citizen in our democratic system has the right to dissent and to freely express his opposition. We regret, however, that this right is being unpatriotically used abroad to try to tarnish the name and dignity of the Colombian people.

4. We reassert our commitment to our leader, who was elected by Colombians in a free and sovereign manner to lead the nation. We are witnesses to his personal integrity and his qualities as a statesman, and we will continue working tirelessly to comply with the government program that this administration has set out to implement to benefit all Colombians.

Humberto de la Calle - vice president of the Republic
Horacio Serpa Uribe - government minister
Rodrigo Pardo Garcia - foreign minister
Nestor Humberto Martinez - justice minister
Fernando Botero Zea - national defense minister
Francisco Azuero - finance minister (acting)
Antonio Hernandez Gamarra - agriculture minister
Rodrigo Marin Bernal - economic development minister
Jorge Eduardo Cock - mining minister
Maria Sol Navia - labor and social security minister
Arturo Saravia Better - education minister
Alonso Gomez Duque - health minister
Armando Benedetti Jimeno - communications minister
Juan Gomez Martinez - transportation minister
Daniel Mazuera Gomez - foreign trade minister

LA PRENSA Director Reacts to Ministers' Declaration

PA0404043295 Santa Fe de Bogota Inravisión Television
Canal A Network in Spanish 0230 GMT 4 Apr 95

[From the "QAP News" newscast]

[FBIS Translated Text] We talked to LA PRENSA Director Juan Carlos Pastrana, and this is how he reacted to the episode:

[Begin recording] [Pastrana] No, I believe it was humorous to create a caricature of a president who, because he has not

been able to clarify the nature of his ties with drug traffickers and because he has been rejected by the international community, has been reduced to meeting with the terrorist dictator of (?Sudan).

[Unidentified Reporter] Don't you think you went too far, that the presidential office has not been respected?

[Pastrana] I believe the president of the Republic is the one who has gone a bit too far, because he has not explained to Colombians the nature of his ties with drug traffickers.

[Reporter] What is your comment on the declaration?

[Pastrana] Well, I believe the president is already resorting to the extremes of censorship. He is even pressuring the media with the police force. I believe this is an extremely serious situation that is supported by the shadow of drug traffickers. [end recording]

Chinese Vice President on Strengthening Cooperation

PA0304173695 Madrid EFE in Spanish 0430 GMT
3 Apr 95

[FBIS Translated Text] Beijing, 3 Apr (EFE)—China and Colombia should strengthen their judicial cooperation, including the struggle against drugs, Chinese Vice President Rong Yiren said today, Monday, in exclusive statements to EFE.

In the interview, Rong assessed the relations with Colombia on the occasion of the impending arrival in Beijing of Colombian Vice President Humberto de la Calle Lombana, the highest Colombian official ever to visit China.

We strongly believe the visit by Vice President de la Calle "will promote the further development of binational ties," the Chinese colleague affirmed in the interview.

The vice president, "the No. four man" in the Chinese hierarchy, mentioned the visit Hernando Herrera, president of the Constitutional Court of Colombia, and Justice Minister Andres Gonzalez made to Beijing in March of 1994 as well as the signing of a judicial Sino-Colombian cooperation agreement.

We appreciate Colombia's efforts in the drug struggle and support international cooperation in this area, Rong said. "Because we have a common interest in the struggle against international drug trafficking, we must reinforce cooperation in this area," the Chinese vice president added.

China shares borders with the so-called "golden triangle of drugs" (northern Burma [Myanmar] and Laos). The use of China's territory is increasing, as is the drug struggle, as well as the passage of opium and heroin to Hong Kong, other Asian countries, and the United States.

Colombia plays a key role in the political, economic, and cultural development of the Latin American region. It actively participates in regional affairs and promotes cooperation between South American and Caribbean countries, with tireless efforts in favor of peace, stability, and regional integration processes, Rong said.

Regarding the development of bilateral relations, Rong said it is "satisfactory in all fields," because they are both "developing countries that maintain identical or similar viewpoints on many international issues and with interests and common tasks regarding peace and development," therefore, he continued, we should strengthen those ties "in correspondence with fundamental mutual interests."

"I believe bilateral relations will undoubtedly advance in all areas with the joint efforts of the Chinese and Colombian Government," affirmed the Chinese vice president, who comes from a rich Shanghai family and is known by the international press as the "red capitalist" for his contribution to the Chinese financial system.

"There is a great deal of potential and promising prospects" for economic cooperation, Rong asserted, indirectly referring to the little trade between both countries. He added the Chinese Government "is willing to work so as to explore new areas of economic-technological cooperation and commercial avenues for a better development of relations."

Rong also mentioned the visit a delegation from the Colombian Senate made to China in March of 1995 and the visits of Chinese political, judicial, and military delegations to Colombia, "which have enhanced mutual understanding and friendship between the two governments and peoples."

The "No. four man" in China concluded he has no plans to visit Latin America for the time being, but whenever he gets a chance "I will be happy to visit Colombia."

Ecuador

Foreign Ministry Protests Peru's Arrest of Diplomat

PA0404013695 Quito Voz de los Andes in Spanish 2300 GMT 3 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Foreign Relations Ministry announced that on 31 March, Peruvian police arrested (Gabriel Druet), second secretary of the Ecuadoran Embassy in Peru, and held him for more than seven hours in open violation of the Vienna Convention as relates to diplomatic relations.

The Ecuadoran diplomat, who was taken to a police station and later to state security offices, was released

early Saturday morning only following efforts by the Ecuadoran ambassador before the Peruvian Foreign Ministry.

Upon instructions from the Ecuadoran Foreign Ministry, the embassy filed a formal note to protest this new intimidation incident, which is part of a systematic harassment campaign against Ecuadoran diplomatic and consular officials in Peru.

The Ecuadoran foreign minister demanded that Peruvian officials halt such conduct, which is contrary to international conventions guaranteeing diplomatic and consular immunity. He also insisted that these incidents should not be repeated and that all actions should be within the framework of pacification and normalization of bilateral relations.

Defense Minister Rejects Fujimori Remarks on Expenditures

PA0404031595 Quito Voz de los Andes in Spanish 2300 GMT 3 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Defense Minister General Jose Gallardo Roman has rejected Peruvian President Alberto Fujimori's remarks on the oil royalties enjoyed by the Ecuadoran Armed Forces as an attempt to meddle in Ecuador's internal affairs.

Gen. Gallardo gave a television interview during which he referred to Fujimori's remarks that Ecuador's military expenses have been exaggerated. Gallardo noted that the Peruvian Government's investment in that area totalled more than \$8 billion during the current five-year administration.

It is ironic and impertinent, he added, for the commander in chief of the most powerful army on the American Continent—according to Fujimori himself—to question the expenses incurred by the Ecuadoran Armed Forces, which have only acquired defensive military materiel to stop any invasion from the southern neighbor.

Gallardo said the national community should have a clear knowledge of the limited oil royalties enjoyed by the Armed Forces, as well as the ceilings and time limits established by the Ecuadoran Congress.

Congress President on Border Demobilization

PA0104142595 Quito Voz de los Andes in Spanish 1700 GMT 31 Mar 95

[Interview with Ecuadoran Congress President Heinz Moeller by Marco Antonio Bravo at the station studio in Quito; from "The Voz Andes Newscast"—live]

[FBIS Translated Text] [Bravo] Dr. Moeller, thank you for being here at Voz de los Andes.

[Moeller] Thank you for the invitation, good morning.

[Bravo] How do you view the position of the guarantor countries? How do you view the demobilization process that has been initiated with the separation of forces by both countries?

[Moeller] It would be a little premature to say something. This day is only the second of the operation, following the approval of definitive regulations by the observer countries. We have to evaluate the events. There is, in fact, information that there has been a movement of Peruvian troops toward the Peruvian assembly point, which is Watch Post No. 1, called Soldado Pastor.

We have clearly stated—and this is a decision we have maintained at the Security Council—that the detachments at Base Sur, Tiwinza, and Cueva de los Tayos will remain under Ecuadoran military control until the infiltrated Peruvian troops have withdrawn. We cannot run the risk; we cannot afford to trust Peru's good intentions. It is unfortunate, but that is a reality history has taught us.

I have been skeptical regarding this procedure, and we have publicly stated our concerns regarding the slowness of the military observers. I am not saying they have been partial, but they are being too slow. We hope we can enter a stage of moderate optimism, during which we Ecuadorians must remain watchful and strengthen our internal front. The military front is alert to any surprise that may occur. We cannot lose sight of the fact that the Peruvian presidential elections are slated for 9 April. This situation is hurting Mr. Fujimori.

I believe the warmongering sector of the Peruvian Armed Forces will not get its way if things happen the way both peoples want, and we will be able to create an atmosphere of detente within the next 60, 90, or 120 days in order to begin working toward a concerted solution that can lead to a definitive peace between our two peoples.

[Bravo] Could this moderate optimism turn into pessimism?

[Moeller] It will depend on the events. The tricks President Fujimori had used—especially the one in which he declared a unilateral cease-fire, after Ecuador had already declared its cease-fire, only to unleash the most ferocious attack on Tiwinza three days later in which we lost more men in only one day than the ones we had lost during the entire war—indicate to us we cannot let our guard down. This is a healthy, wise, appropriate attitude. We cannot let our guard down.

Concerning the observer countries—I held a meeting with the Brazilian president's representative the day before yesterday—I could really see that the United States, Brazil, Argentina, and Chile are committed to the efforts to attain a permanent peace. The field conditions in the upper Cenepa, as all Ecuadorians know, are suitable for hiding troops; therefore, the efforts to confirm the absence of troops there will take more time than

the 40 to 45-day period estimated by the observers. I hope the area is completely cleared within the next 90 days. We hope it is visibly delimited so international observers and the international and national media can tour the area and verify the absence of troops.

I have said it is logical to think it would be embarrassing for Fujimori to turn over the Tiwinza detachment to the international observers. Fujimori had announced six times that it had been taken over by Peruvian troops.

[Bravo] That is why he will not do it.

[Moeller] That is what we interpret. Mass was celebrated in Tiwinza last Sunday, meaning the atmosphere there is sufficiently calm for observers to travel there without risking their personal security.

[Bravo] What has the Brazilian president's representative said about this point? Could you talk to him about Tiwinza?

[Moeller] Yes. He told me they had turned over to the respective Armed Forces of both countries—Ecuador and Peru—the schedule they will follow in order to guarantee that the demilitarization or the withdrawal of troops to their detachments of origin was, in fact, taking place. He told me it was difficult to confirm the specific time and said it had no relation to the 9 April elections in Peru. He said that the observers will reach Tiwinza and that this Ecuadoran post will temporarily be turned over, with the media present, to the international observers; this does not mean, however, we are giving up our sovereignty or positions.

We are contributing to a peaceful attitude by assembling our troops in Coangos, in Ecuador's case. We are contributing to a separation of forces, because what happened three days ago could happen again. I personally did not believe it was the beginning of a new Peruvian offensive, but if there are Ecuadoran and Peruvian troops facing each other at a distance of 100, 200, 300, 400 meters, it is highly possible these types of incidents could reoccur, the reason why the separation of forces is essential.

We hope it will continue. I hope we are going to have a more clear indication in three or four days of how things are moving, hopefully in the direction Ecuador had always wanted them to move. Ecuador has always honestly and sincerely wanted to move in the direction of a definitive peace.

[Bravo] The cease-fire is practically a fact now. Conditions are demonstrating it despite the latest isolated incidents as the Ecuadoran Government called it last Monday. The country, Ecuadoran people, authorities, and the government are convinced a single position must exist so we can begin negotiating down the road knowing well not everything we want will be given to us. We have to negotiate, meaning we have to give up something. Is the country aware of the fact we have to give up something?

[Moeller] I believe the big lesson we have learned in the last few months is the marvelous Ecuadoran solidarity. I am talking about our solid, strong, internal front in the political, military, diplomatic, and journalistic fields. It is not a lesson we can erase with our elbows. I simply believe the concept exists. I believe we are a sufficiently mature country that can recognize the existence of a protocol that was imposed on us by force. That is immoral. We are not going to insist on discussing its legal nature. The Rio de Janeiro Protocol was imposed on us; it is as real as a crime. People install iron bars on their windows, because crime exists.

I have had personal experiences in the various missions in which I have had to participate because of the undeclared war with Peru, both in Central America with the Central American presidents as well as in Washington. I can say that 100 percent of border protocols in the world have been imposed through war and weapons. When we start talking about a sector in Ecuador calling for a [word indistinct] to the Rio de Janeiro Protocol, we see an attitude of skepticism and rejection on their part, whether he is a U.S. senator or a Central American president, because they do not know about this reality.

We are speaking, however, of the nonexecutability of the Rio de Janeiro Protocol in the undelimited area, because it is something real that is physically evident through air photography or visual observation. You can see there is no separation of waters between the Zamora and Santiago Rivers. Consequently, it must be understood in all fairness that the intentions of the protocol, which was imposed by force but negotiated and approved by an Ecuadoran Congress, is to draw an imaginary line between the Zamora and Santiago rivers; that is just where the Cenepa River is, no doubt about that. The Rio de Janeiro Protocol includes in Article 9 a mechanism to make corrections in case there is no geographic point that can facilitate the delimitation of the border. It states the countries may make territorial compensations.

Out of respect for the past, out of respect for history, as all generations must have, we have to make a commitment to the Ecuador of the future. We have to create conditions so Ecuador can really face the challenges of the future by spending less on weapons. We cannot return to an arms race. We need a solution that can recognize our sovereign presence in the Amazon region and give us an access to the Marañon River with territorial continuity, give or take a few square kilometers.

I totally agree with you. You belong to a generation that sees things from a practical viewpoint. We have to give up things. A concerted solution between Ecuador and Peru is practically impossible to achieve. Peru will maintain its position, which is to keep the summits of the Condor Mountain Range, and we are going to continue to demand the return of what was taken from us in the 1941 war. The solution will be, in some way, an arbitrated solution, through the participation of mediators, the pope, or the intervention of world personalities

such as former President Jimmy Carter, former Costa Rican President Oscar Arias. I personally spoke to former President Oscar Arias about this matter. It is evident that arbitration by itself is not a solution. The pope's arbitration is not a solution. It is a mechanism to find an accepted or acceptable solution for both countries.

[Bravo] You mentioned military expenditures. Ecuador has changed as a result of the war. The postwar Ecuador is different. There is an awareness among the Ecuadoran people that we must support the Armed Forces through various mechanisms. One of the mechanisms is by providing the Armed Forces with the proper weapons to face any emergency. If military expenditure is reduced, would it involve a reduction of the Armed Forces?

[Moeller] Military expenditures are always less when the Armed Forces are given deterrent capabilities. Our Armed Forces are only involved in the protection of our borders; they also do social work, which is very important, but the capability of the Ecuadoran Armed Forces must be maintained, undoubtedly, in the future, regardless of whatever is signed.

Our Armed Forces have to maintain their defensive, deterrent capability. It is always less costly to arm military forces in order to have a defensive capability than to have a force that can wage an offensive battle. Because we do not have that criteria, we believe we can make our Armed Forces more efficient than what they are, but to accomplish this goal, we have to do so with responsibility.

It is easy to ask: Where are we going to get the money to finance the war? We have to finance it. We have to tighten our belts. What we are telling the president at this time is that everyone must tighten his belt. The Ecuadoran people are already doing it. The pockets of the Ecuadoran people are exhausted. They cannot dig in their pockets any more. The state, the government must also tighten its belts. It has to reduce its expenditures and must establish priorities; we agree with that. Our top priority is to maintain the Armed Forces' defensive and deterrent capability in the next few months.

We have to be vigilant. We hear Peruvian military spokesman say they are going to unleash another offensive in the next six months. We would have to be blind and deaf not to listen to this message.

Peru

Separation of Forces Suspended Due to Heavy Rains

PY0404035495 Lima Global de Television Network in Spanish 0130 GMT 4 Apr 95

[FBIS Translated Text] Heavy rains in the northern border region have temporarily suspended the withdrawal of Peruvian troops. General Candido Vargas de Freire, head of the observers' delegation, who arrived in

Bagua yesterday, said that once the bad weather ends, the separation of forces will resume.

The first stage of the separation of forces, of a total of six necessary to complete the mission, is about to conclude. General Candido Vargas de Freire has arrived in Bagua to verify the progress of this withdrawal of Peruvian forces. Today, due to the heavy rains in the Cenepa region, the withdrawal of troops has been suspended.

As of yesterday, some 400 troops had left the front lines to return to their original bases. Gen. Vargas de Freire, however, will remain in Bagua for seven to 10 days to personally conduct the operations, which is part of the observers' mission, in the beginning of the fourth week of work by this international mission.

It is believed that once the storms and rains end, the withdrawal of troops will resume, especially by air, because it will be much quicker.

Election Board Admonishes Candidate-President Fujimori

PY0104031495 Lima Global de Television Network in Spanish 0130 GMT 1 Apr 95

[FBIS Translated Excerpt] Walter Hernandez, member of the National Election Board, made two important announcements during a news conference today. First, he informed the media that the National Election Board, in accordance with the Electoral Law, has privately admonished presidential candidate Alberto Fujimori for his electoral activities in Chiclayo.

The second announcement is related to the accusation made against Major (Charles Lambroschini) for registering his name in the electoral registry, which is considered a crime. Hernandez did not disclose when the National Election Board admonished candidate Fujimori and what the note said because it is a confidential document. But Hernandez said this is the first step established by law when the law that regulates the activities of the president-candidate is violated. [passage omitted]

Identify of 'True SL Leader' Said Revealed

PY0404030495 Lima Panamericana Television Network in Spanish 0200 GMT 3 Apr 95

[From the "Panorama" program conducted by Guido Lombardi]

[FBIS Translated Text] The important arrests made by Dincote [National Counterterrorism Directorate] last week have led to the discovery of Shining Path [SL] secrets. This week's Panorama was able to obtain access to important information: the identity of the true SL leader. It was said that the so-called Comrade Feliciano is the SL leader but this is not true. SL has a leader who, until now, had yet to be identified. This report unravels the mystery.

[Begin recording] [Unidentified reporter] Ever since SL leader Abimael Guzman Reynoso was captured, the big question was: Who is his successor? Since 1993, Oscar Ramirez Durand, Comrade Feliciano, was considered the SL leader of the so-called leftist hardliners group which disagrees with the peace agreement. As a result of the arrest of important SL leaders last week, the police were able to discover one of the great SL mysteries, and behind this mystery is a surprise: Feliciano is not the one who leads the SL.

Then who heads the SL? Since 1991, when this renowned SL video was found, this man was merely a face without a name. We only knew him by his alias, Comrade Luis. But with the arrest last week of the number two ranked leader, Margie Clavo, Dincote discovered that Comrade Luis is the man who really leads the SL.

On the night of 6 February 1994, Dincote maintained surveillance on a house on Arequipa Street, in San Martin de Porres District. Walter Rojas Herrera was supposed to come to this house to meet with Comrade Luis. At 2040 the police raided the house, but the mysterious Comrade Luis was not there. Despite this, it was a fortunate night because this woman, identified as Nestora Camacho, was arrested. Her arrest allowed the police to identify for the first time the name of the mysterious SL leader. His name is Pedro Quinteros Ayllon, and he is the current SL leader.

Throughout these years it has been said that Oscar Ramirez Durand, Comrade Feliciano, was the SL leader, but the following important fact was not known: In the rigid SL bureaucracy, the vacant posts are filled in compliance with the order established during Abimael Guzman's time. This order functions automatically. When Guzman was arrested, the following was the established order: Abimael Guzman Reynoso, Elena Iparraguirre Reboredo, Oscar Alberto Ramirez Durand, Elizabeth Gonzalez, and Margie Clavo Peralta.

Later the police captured Abimael Guzman, Elena Iparraguirre, and the entire SL leadership. The new SL leadership was established automatically in compliance with SL guidelines. In view of this, the new SL leadership was established in the following order: Oscar Ramirez Durand, Comrade Feliciano, in first place; Margie Clavo Peralta in second place; (Artemio), who is responsible for the Huallaga military command, was third; then Pedro Quinteros Ayllon, Comrade Luis; and (Jenny Rodriguez Leira), Comrade Rita.

This is only a bureaucratic organizational chart because Feliciano, being secluded in the central jungle region, has no contact or coordination with SL groups. He cannot, therefore, make decisions or give orders.

This week one of the recently captured SL leaders summed up in one phrase what is happening with the current SL leader by saying: Feliciano reigns, but he does not rule. Who, then, is ruling the SL?

In addition to being secluded in the jungle region, Feliciano really possesses no influence because of his lack of preparation. In reality, the one who has influence in what remains of the terrorist organization is Pedro Quinteros Ayllon, Comrade Luis, and his background, revealed for the first time on television, proves this.

Who is Pedro Quinteros Ayllon? Comrade Luis is 57 years old. He is in the same age bracket as Abimael Guzman, who is 61 years old. Both of them were together from the very beginning of SL activities. They share the same Marxist-Leninist-Maoist background, that is, SL's ideology.

Quinteros Ayllon's close ties with Abimael Guzman led him to represent him at Mao Zedong's funeral in the PRC in 1976. To be sent to the PRC constituted a great privilege for Guzman's followers.

In the so-called interview of the century, Abimael Guzman refers to this trip in the following terms: They gave us military instruction, but we also discussed political affairs, the people's war. They imparted instruction on practical issues: ambushes, attacks, deployments, how to manufacture demolition explosives. This is how we learned how to manufacture our first demolition weapons. For me this was an exemplary lesson that I will always remember. It was a great step in my education; namely, that of having received instruction in the top-ranking Marxist school on the face of the earth. This is where Abimael Guzman sent Pedro Quinteros Ayllon.

In 1980, Pedro Quinteros attended the first SL military school where Abimael Guzman instructed the future SL main leaders. It is in this school where Comrade Luis excelled for his ideological traits, while Feliciano and Arsenio excelled for their military qualities.

When Abimael Guzman was arrested in 1992, Pedro Quinteros Ayllon was transferred from Lima to Huanavelica. It was in this city that Pedro Quinteros Ayllon proposed SL's reorganization to Feliciano. This is where they decided to establish an emergency central committee, which held its first meeting in June 1993, 10 months after Abimael Guzman's arrest.

This entire activity was promoted by Quinteros Ayllon, Comrade Luis, who, within the SL, has an ideological background and enjoys political leadership. These are traits that Feliciano lacks. Why, then, didn't Comrade Luis assume the leadership? It is because, in compliance with the rigid SL command guidelines, it was up to Feliciano to assume the first place and Comrade Luis to rank fourth.

This week it was discovered, however, that because of the authority he enjoys in view of his ideological instruction, it is Pedro Quinteros Ayllon who is the leader. It was also established that he has been the main promoter of continuing the armed struggle and disavowing the peace agreement signed by his old comrade, Abimael Guzman Reynoso, whom he (?condemns) for having surrendered.

In conclusion, after last week's arrest, we know more about the SL today. It is known that Pedro Quinteros Ayllon is SL's true leader, and that he is in the Huallaga region.

It is also known that Feliciano is a military commander who is in the main jungle region, that Artemio is the military commander of the Huallaga region, and that both lack organizational know-how.

The police only hope that Pedro Quinteros Ayllon, Comrade Luis, who has been fully identified, will leave his hideout in Huallaga, and that he will come to the city and end up behind prison bars.

Uruguay

Defense Minister Iturria Interviewed

PY0404032895 Montevideo EL PAIS in Spanish
27 Mar 95 p 9

[Report of interview with Defense Minister Raul Iturria by unidentified EL PAIS reporter; place and date not given]

[FBIS Translated Text] The main objectives of the current defense minister are "to ensure that the three branches of the Armed Forces live in unity," by making the best use of our economic resources "to obtain more through creativity and imagination," and to increase the scope of tasks undertaken by military personnel for the community. Iturria announced major changes in UN peace-keeping missions and the forthcoming arrival of new equipment from the PRC. He stressed: "There will be no reduction in military personnel."

That is in a nutshell, that is Raul Iturria's thinking on defense matters. The portfolio of defense, which went to Iturria on 2 March 1995, maps out policy and handles the 32,000 military and civilian members of the Armed Forces with a budget that represents 13 percent of total government spending.

The defense minister does not consider himself "a bridge" between the Sanguinetti administration and the Armed Forces. He believes the integration of Armed Forces members into a civilian society has already come a long way and "discussions on the subject are past history."

Iturria believes the issues that should now be addressed include achieving "total unity among the Army, Navy, and Air Force so as to attain the greatest number possible of objectives and to study how to obtain more financial resources to provide independent sources of financing to increase the defense budget."

He added: "It goes without saying that the first objective is to improve our relations with the commanders in chief and with all those who—whether or not they occupy a military position—are related to the Armed Forces' mission."

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The minister recalled the various duties of the different branches of the Armed Forces, among them air traffic control and policy, shipping, meteorology, communications, health care for military personnel and their families, search and rescue operations, and even the task of policing the Uruguayan coast, as well as "the traditional and basic duty of protecting our sovereign land, sea, and air."

Iturria wants support tasks to help preserve the environment in cooperation with municipalities and the Ministry of Housing, Land Improvement, and Environment.

The new minister believes one of his top priorities is the defense budget. He stated that beside taking steps to acquire as much financial support as possible within the approximately 13 percent that the national budget appropriated for defense, it is of utmost importance "to use imagination and creativity to achieve financial resources by fully taking advantage of income."

He mentioned the possibility that his ministry may try to secure its own resources and gave the example of the Navy, which owns an oil tanker and uses it to transport crude oil.

He reported that the number of military personnel will not be further reduced as he considers 32,000—including military and civilian personnel within the three branches of the Armed Forces and Defense Ministry officials—a reasonable number.

Iturria underscored the task performed by Uruguayan contingents in different UN peace-keeping missions in Asia and Africa.

"According to assessments by UN specialists, Uruguayan officers and subalterns have set an exemplary behavior, especially in their relations with local inhabitants—which the United Nations considers fundamental. [no closing quotation marks as published]

This is why Uruguay is invited again to participate in different missions. An important contingent is scheduled to join a UN peace-keeping force in Angola.

Between April and May, 800 officers, noncommissioned officers, and rank and file will leave for Angola to help institutionalize that African country. An advance party is already there preparing for the arrival of the main force.

The defense minister will encourage the executive branch to take the necessary steps before UN authorities so that high-ranking Uruguayan officers may help to coordinate peace-keeping missions.

He said: "Uruguayan military officers have proved they are capable of discharging this important task within a staff that is generally made up of European officers."

The defense minister further reported that new options are being explored as regards relations with other countries' Armed Forces. By way of example, he cited contacts with the Romanian Army to exchange know-how, experiences, and technology.

Something similar, but on a larger scale, has been furthered with the PRC's Armed Forces. Besides the exchange program to train officers—some of whom have already traveled to that nation—Uruguay finalized a business deal to purchase a considerable amount of nonmilitary equipment.

Iturria commented that this \$2-million deal involved the purchase of support equipment like tents, sleeping-bags, inflatable dinghies, and other elements generally used in peace-keeping missions.

The funds for purchasing this equipment "were provided by the Chilean Government through a soft loan," he said.

The financial difficulties confronting the Armed Forces' health services were made public some days ago.

These services provide medical care for some 280,000 people, including military personnel and their families. Iturria noted: "Health care is comprehensive, especially for noncommissioned officers and junior officers. This lifts an important burden from the shoulders of public health services."

A firm of consultants has been hired to conduct a study on the real possibilities of overhauling the Armed Forces' health services in their entirety.

The defense minister further reported the arrival of the first batch of latest-generation technical equipment purchased from Spain with funds obtained from a soft loan, which will help to provide better medical services for military personnel.

Iturria believes it is necessary to further publicize the tasks undertaken by Uruguay's base in the Antarctic.

With this idea in mind, the Defense Ministry, in cooperation with the Antarctic Institute, is putting together a portable exhibition on scientific research done in that base that will travel throughout the country.

In conclusion, Iturria said: "There are many researchers and military personnel there undertaking an often silent task requiring self-sacrifice, yet one that yields results lending prestige to our country. This is why it is absolutely necessary for the public to learn about it."

Sanguinetti Receives Italian Foreign Minister Agnelli

*PY0304132295 Madrid EFE in Spanish 0011 GMT
1 Apr 95*

[FBIS Translated Text] Montevideo, 31 Mar (EFE)—Official spokesmen said that Uruguayan President Julio Maria Sanguinetti and Italian Foreign Minister Susanna Agnelli held a private meeting today. The two leaders analyzed the two countries' bilateral and regional relations.

Minister Agnelli arrived in Montevideo today. Her visit is part of an official tour of South American countries with the purpose of extending political, commercial, and cultural ties with them.

Sanguinetti, who maintains an old friendship with Agnelli, declared her an "official honor guest" of Uruguay, and received her at the presidential residence for private talks.

"The Italian minister apologized to the president for not having been able to attend, as was her wish, Sanguinetti's inauguration on 1 March. The two officials then talked about bilateral matters," official sources told EFE.

Agnelli arrived in the Uruguayan capital today, and will meet with Foreign Minister Sergio Abreu [as received] tomorrow to analyze Common Market of the South (Mercosur) and European Union (EU) relations.

Other issues on the agenda of the two foreign ministers are the future of the recently created World Trade Organization (former GATT) and an eventual technical cooperation between Italy and Uruguay.

Agnelli will also have a meeting with members of the large Italian community residing in Uruguay.

The Italian minister's visit to Montevideo will probably end tomorrow. She will then travel to Paraguay.

Agnelli's South American tour, which started in Argentina and Chile, will end in Brazil.

Agnelli Ends Visit, Leaves for Paraguay

PY0304171995 Madrid EFE in Spanish 1830 GMT
1 Apr 95

[FBIS Translated Text] Montevideo, 1 Apr (EFE)—Italian Foreign Minister Susanna Agnelli today ended her official two-day visit to Uruguay and left for Paraguay, the fourth and penultimate leg on her South American tour.

In Montevideo, the Italian minister met Uruguayan President Julio Maria Sanguinetti, Vice President Hugo Batalla, and Foreign Minister Alvaro Ramos, among other authorities.

Agnelli's tour began a week ago in Argentina. She subsequently visited Chile, and from Uruguay traveled to Asuncion in Paraguay. Agnelli's tour will end on 4 April in Brazil.

Venezuela

Interior Minister on Chavez, Cararabo, Issues

PA0104233095 Caracas EL UNIVERSAL in Spanish
28 Mar 95 p 1-12

[Report on an interview with Venezuelan Interior Minister Ramon Escovar Salom by an unidentified EL UNIVERSAL reporter at Miraflores Palace on 27 March]

[FBIS Translated Text] [EL UNIVERSAL] Interior Minister Ramon Escovar Salom told reporters yesterday at Miraflores Palace that Commander Hugo Chavez wants to dress up like Fidel Castro.

[Escovar] I am going to have to reply, against my will, to Commander Hugo Chavez, with whom I have had good relations. I have tried to maintain these relations as cordially as possible. He was at San Carlos when I was prosecutor general. I went there several times, because it was my duty. A serious situation arose at that garrison on 4 April 1992, when they were going to transfer Chavez and some of his associates to the Yare Prison. Fernando Ochoa Antich, the defense minister at that time, in addition to an associate and certain lawyers who represented them, asked me to intercede on behalf of Chavez' relatives and of some of the detained. All insisted that I go to San Carlos, because they said that a violent situation was going to arise and that there would be shots. There was a risk that there would be bloodshed, given the detained refused to obey the Defense Ministry's order that they be moved. Bishops Mioronta and Padron participated, but I intervened as prosecutor general so as to convince the detained the transfer had to come about peacefully. It did take place like that thanks to that intervention.

[EL UNIVERSAL] Escovar said that when Chavez was released from jail, he talked with him at some friends' house for four hours.

[Escovar] I explained to him the role he could play within a democracy, while I criticized the initial statements he made, which were very discourteous toward the president of the Republic. He now claims he owes the president nothing. What does it mean he owes the president nothing? It was the president who set him free. That is how the story goes, but I am going to tell you something more. Now, "he wants to dress up" like Fidel Castro. He is not being very innovative. I want to say something else, without the desire to engage in a controversy. I want to tell you that Ezequiel Zamora is a very important personality in Venezuelan history. To be inspired in Venezuela by him, however, for an economic, political, and a social program is an anachronism. If he is going to be inspired by the ideas of the federal revolution (between 1859 and 1964), well, this was one of the most painful and bloody events in Venezuelan history in the past century. The advantage Colombia and other Latin American nations achieved over Venezuela during that period was due to the social violence the federal revolution generated. How, then, can we be inspired by that revolution at the end of the 20th century?

[EL UNIVERSAL] Escovar Salom talked about the Civilian-Bolivarian Boards of 1940.

[Escovar] After that, there was a movement so Bolivar's name would not be mixed up with political movements. The law I just handed you—Raul Leoni was president in 1968 when it was sanctioned—states in Article 4: "Bolivar's name cannot be used in political movements that

are partial and involve the taking up of sides for some political struggle." That law is still in force.

[Escovar] In a political struggle, Bolivar's name cannot be used because Bolivar is the father and the founder of this nation and he is a symbol of national unity. I want to remind Commander Chavez of this because he is breaking the law.

[EL UNIVERSAL] Why was this not done before, Mr. Minister?

[Escovar] Because he had not used this as he now does. He said he will play a leading role in the political struggle. He is now taking a more active part in the political struggle. That question as to why this had not been done before is very good and timely. This is because until now he had maintained this as a symbol of his expectations, but now he plans to participate.

[EL UNIVERSAL] But before he had said this was not a political movement...

[Escovar] That is right, he was saying that until a few days ago. Yesterday, for the first time he admitted that he will participate and that he has political ambitions. This is why he cannot use Bolivar's name for this. That is why nothing was said before.

[EL UNIVERSAL] Must this political group disappear?

[Escovar] No, the group does not have to disappear. He can participate; the name yes, it is the name that has to go. For the time being, I am just making an comment.

[EL UNIVERSAL] Escovar Salom did not appear to agree with what Jose Vicente Rangel said in his Sunday Televen.

[Escovar] I ordered an investigation into the Disip's [Directorate of Intelligence and Prevention Services] conduct regarding alleged abuses. No one has reported how many doors have been knocked down, no one has been wounded, no dead, there has been no physical violence in any home. I prohibited them from using ski masks. I must say that I always maintain contact with the Disip. A few days ago, I had breakfast with some of its officials. General Rivas Ostos gives me a briefing every day on the events. It is said that he is man of the president's trust, well of course he is.

[EL UNIVERSAL] Escovar Salom said that his office is responsible for the raids that were conducted and that he had ordered them.

What about Carabobo?

[Escovar] From the start, the FAN's [National Armed Forces] inspector general, through normal channels, stated that not only did he go over there but that he ordered a complete investigation. That means the government is not hiding anything.

Unfortunately, the information in the Colombian press yesterday is quite extensive on this issue. Some press

spokespersons are trying to use this information to accuse the government of violating human rights. Yes, Venezuela was the victim of an attack and some Venezuela marines died. That regrettable situation that was reported occurred during the subsequent incidents. The government is investigating this to the extent that a state institution such as the Directorate of Human Rights and the Prosecutor General's Office published this announcement: The government has not done anything, the guarantees are suspended. The government did nothing to prevent Father Olaso's announcement from being published. Father Olaso believed he was doing his duty, and this is very respectable.

[EL UNIVERSAL] What about the report? Is an investigation being conducted?

[Escovar] Of course, but not on the report itself but on its contents. The report was made by an official of the Prosecutor General's Office. I appointed Father Olaso as prosecutor and during my administration, the Prosecutor General's Office took on a leading role in the investigation of those types of incidents. Those investigations must take place and be concluded. In a democratic country we must know the truth. The government is not hiding the truth, and Venezuelans must be very careful not to twist the information in favor of the political interests of other nations. That is, we were the victims of an attack or of a violent incident and now it appears that we are going to be responsible for that violent incident. How can this be?

[EL UNIVERSAL] Do you agree with the defense minister who says that there is a scheme to cover up for the people truly responsible for the Cararabo massacre?

[Escovar] This is possible, what the defense minister said, that there is a scheme behind all of this, must also be investigated. We must conduct this investigation to the end. Therefore, I agree.

[EL UNIVERSAL] Is it true that there is a media campaign from abroad to make Venezuela appear responsible?

Escovar Salom stressed:

[Escovar] That is a very interesting question. They think that in that way they can destabilize or disturb the peace of the republic. Nevertheless, that maneuver will not have any results. Just because some of that information is published abroad will not change things. The president of the Republic enjoys high credibility in the nation, as the polls reveal. You know this because you are reporters. Therefore, just because a reporter or someone, or some sold-out reporter [palangrista]—there are several abroad at the service of certain political interests, well political or nonpolitical—gives information, that will not affect the government's stability. The government's stability is based on several things. First, it is based on the personal credibility of the chief of state, and second, on the support of the Venezuelan, who want to

live in peace. Anyone here who believes he can light the fuse of a new federal revolution is mistaken because he will come up against the majority of the Venezuelans. The results of the polls are there, I did not make them up, all the polls are favorable. Ask anyone, in any part of the country: Are the people in this country in favor of public peace. Venezuelans want to live and work in peace here. Finally, there is the unity of the Armed Forces that does not want revolts, revolutions, nor social changes through violence. That is the tripod on which the government's stability rests, despite some sold-out reporters abroad or a slander campaign against Venezuela. But, don't you know about that? Haven't you published that? You are the ones who have published that.

Colombian Foreign Minister on Bilateral Relations

PA0304141995 Caracas *Venezolana de Television*
Network in Spanish 1550 GMT 30 Mar 95

[From "The News" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Venezuela is not the only one that wants to peacefully resolve the confrontation that has darkened relations with Colombia over the past few months. Colombian Foreign Minister Rodrigo Pardo gave exclusive statements to "The News" a few hours after he met his Venezuelan colleague and said his government wants to set the course of bilateral relations within an atmosphere of integration in which the effectiveness of military corps, greater economic cooperation, and the recovery of the sister country's outlook prevail:

[Pardo] "Unfortunately, events such as Cararabo would seem to indicate that these efforts have been insufficient or that they have not been sufficiently effective. The truth is, however, these efforts do indicate that the best mechanism for both countries is the cooperation between each others' Armed Forces. The idea is to continue with this outline of cooperation between the Armed Forces, based on a greater presence of Colombian Armed Forces in the Colombian border area."

Colombia's foreign minister has said the guerrilla problem has been partly to blame for the violence, which has surpassed the capability of the Armed Forces over the past few years. He has expressed optimism about finding rational and coordinated solutions to the problems affecting both countries:

[Pardo] "In this instance, on this occasion, many should have raised their head and seen that relations between Colombia and Venezuela—that is, trade, peaceful coexistence—are the important things in the long run and understood that we are to find the way to live close to one another, because this is where geography and God have placed us and where we are united forever. What we need to learn is how to coexist."

Regarding his visit, which begins in Merida today, Rodrigo Pardo has said not only is there the willingness but also concrete proposals by his government to deal with border issues:

[Pardo] "We need to back the work of the two governments in favor of the border population. We know for a fact that this is an area where 7 million people live. It was said at one time—and I believe this point is still true—that the border atmosphere is a thermometer for relations between Santa Fe de Bogota and Caracas. We must work on the border issue to ensure that people live well, that people have greater opportunities, that the economy has better potential, and that both countries enjoy better relations."

Finance Minister Interviewed on Budget

PA0104035395 Caracas *EL UNIVERSAL* in Spanish
26 Mar 95 pp 2-1, 2-4

[Interview with Venezuelan Finance Minister Luis Matos Azocar by Guiliana Chiappe, Mariela Leon, Luis Manuel Escalante, and Alfredo Carquez Saavedra in Caracas; date not given]

[FBIS Translated Text] [EL UNIVERSAL] The 1995 budget is still not balanced. The budget was calculated based on an exchange rate of 180 bolivares to the dollar, a significant amount of income from privatizations, and an increase in gasoline prices. So far, none of this has come about, so how will the budget be balanced?

[Matos] One of our first decisions is to engage in a systematic but firm budget reduction by reducing expenditures approximately 300 billion bolivares. The idea is to make the cutbacks in a different manner than before, when no priorities were established. We are working strongly to establish priorities, including at the implementation levels of the respective organizations. The goal is to return to the budget originally presented to Congress.

[EL UNIVERSAL] Would that compensate for the lack of income from privatizations and gasoline price increases?

[Matos] Of course. If you add these elements, you can see that they surpass the estimated income.

[EL UNIVERSAL] Has there been any thought about increasing income?

[Matos] We have programs to optimize tax collection. We have already exceeded the January and February goals. We must remember that oil income was underestimated in the national budget. I believe that we Venezuelans must learn that the country has to be prepared and have flexible mechanisms to accommodate any situation. Look what is happening in Argentina. That country instituted a rigid legal mechanism, and now it is facing a crisis. It has no expedient adjustment mechanisms. I think the fact that we are flexible will help.

[EL UNIVERSAL] The mechanism you refer to, is it the exchange board [caja de conversión]?

[Matos] No. It would be a mistake to say that Cavallo established an exchange board scheme in Argentina, as Mr. Hanke [not further identified] sees it.

[EL UNIVERSAL] Would we have a similar system adjusted more to Venezuela?

[Matos] I do not think that is necessary for the time being. I always use the example of the exchange board as a fat person who has his stomach stapled because he lacks willpower. We can attempt to establish fiscal discipline by the will of the Executive Branch.

The Horses of the Economy

[EL UNIVERSAL] Don't the two tendencies of the government's position contradict one another? On the one hand, there is talk of reducing public spending, and on the other hand, there is talk of restoring Venezuelans' purchasing power. What is the government going to do to make these seemingly opposite standpoints compatible?

[Matos] They are not opposite standpoints; I would say they complement one another. Exports, public spending, and private demand are the horses that pull any economy. In Venezuela, we grew accustomed to public spending being the only horse pulling the economy. We are going through a very significant strategic change to ensure that exports will promote the country's economic dynamics. By the way, these exports exhibited a trend different from forecasts in January and February, because they exceeded last year's export figures despite talk that our currency is overvalued. We will give priority to these exports. In addition, a reorganization of public spending reductions will take place to incorporate them into aggregate demand via the private economy.

[EL UNIVERSAL] Are these export increases unrelated to the drop in local demand? If Venezuelans' demand increases, does that mean exports will decrease?

[Matos] Let us assume that theory is right. Even so, there will still be some capital left. We will acquire more knowledge, which is perhaps the most important capital we could accumulate. Even if we accept that theory as correct, we must stress that last year our economy proved it can compete abroad. Therefore, we would not fear that our local demand would reorganize itself and that there would be a certain level of exports. But I must be frank: I do not believe we will experience accelerated economic growth in 1995. I would say that expecting accelerated growth and lower inflation at the same time would be contradictory.

[EL UNIVERSAL] People say that the fiscal deficit is 9 percent and that there is a major gap in the allotment earmarked to service the public debt...

[Matos] We have to break down that deficit figure. Part of it belongs strictly to the government, and the other part—namely, its quasi-fiscal component—has to do with the debt the government owes to the Central Bank of Venezuela [BCV]. If we reach the agreement we are

negotiating with the Finance Ministry, Fogade [Deposit Guarantee and Banking Protection Fund], and the BCV, and if that deficit component is refinanced, I believe we will experience a significant drop in that percentage of GDP. A number of documents have already been prepared to that effect. We only need the parties to decide on what the mechanism will be. However, neither the BCV, the government, nor Fogade could think that we will finance that deficit in one year.

[EL UNIVERSAL] What do you think the deficit will be at the close of the year?

[Matos] If we have a deficit close to 2.5 percent of the GNP, we will defeat its inflationary effect.

[EL UNIVERSAL] What about the debt?

[Matos] We have a technical team working on the debt service and on how we can refinance it.

[EL UNIVERSAL] Has the possibility of going to the international markets with debt instruments been discarded?

[Matos] It has not. That is part of my job as finance minister. I am going to be evaluated on whether I am capable of taking the very short-term debt, both internal and external, and getting it restructured in longer terms. Once this phase of team reordering and consolidation concludes, I am thinking about asking the president to allow me to visit several places to encourage a favorable climate for Venezuela. By the way, this climate has started to change due to a very important factor: The trend is to evaluate countries based on the status of their current accounts, and Venezuela is one of the few countries in the world that has a positive current account at this time.

The Ups and Downs of Dollar-Denominated Instruments

[EL UNIVERSAL] Will there be any dollar-denominated instruments [participaciones en dolares]? Will they become bonds, Treasury Notes, or some other type of instrument?

[Matos] The dollar-denominated instruments continue to exist as an effective instrument to drain liquidity and, at the same time, as an element to restructure the service to the debt that does not appear in the budget. The dollar-denominated instruments will be maintained, but several changes will be made to them.

[EL UNIVERSAL] Will they still be backed by oil royalties?

[Matos] That is one of the things being discussed, because due to the change in the situation.... You cannot think of maintaining an idea and implementing it even if there is a change in the situation, for example, the events in Mexico and the market situation. A long time ago, when we began talking about those instruments, bankers said they would not buy them. The interest rates were at

a different level and there was no excess liquidity. Now I do believe they will buy them if they are issued in bolivares.

[EL UNIVERSAL] Do you think they will buy them if they are backed with Fogade assets?

[Matos] It depends on how they are managed. I do believe they can be attractive, too.

[EL UNIVERSAL] But it is known that some of Fogade's assets are overvalued and will be sold under the median....

[Matos] That is why I said it depends on whether at that time we have made a good adjustment to the type of premium, deadline, and other conditions, which are still being improved. We must also not forget that the banking sector, due to the amount of liquidity it has, is in a situation of having unused resources, and that is turning into expenses.

[EL UNIVERSAL] It has also been said that the instruments will be given directly to the BCV. Is that still the way it will be managed?

[Matos] Yes.

[EL UNIVERSAL] If so, the banks that were hired as placement agents will no longer have anything to do with the matter...

[Matos, interrupting] That is one of the issues in the talks to reorganize the process, and I cannot comment on them right now.

More Stock for the Banking Sector

[EL UNIVERSAL] On several occasions, when you have been asked by Congress, you have warned that the financial institutions have to democratize their capital. You have talked about the deconcentration of stock. It is even known that the issue has already been discussed by the Council of Ministers or the Economic Cabinet. What is being examined?

[Matos] I believe several banks that could be having solvency problems would accept foreign investors if we motivated them and promoted it. Many of those investors come from saving funds organizations; they are institutional groups.

Despite the fact that our stock market does not work like the New York Stock Exchange, we could propose mechanisms so some of the stock of the BCV, which we have to privatize and is now yielding profits, will be placed on that market.

In addition, most of the family-owned firms in our country are burdened with fund problems. Those groups, quite legitimately, do everything in their power not to lose control of their organizations. Previously they were using government funds, through loans, to resolve their investment problems. Our very firm position is that the Venezuelan State was not created to guarantee that

certain family groups continue to control institutions if they can no longer reinvest. Now, there is no problem if they are able to do it, but if that is not the case, they have to accept foreign financing and associate with national and international capital.

[EL UNIVERSAL] Is there a set percentage on this point?

[Matos] No. We are going to promote these kinds of negotiations with the Financial Emergency Board's [JEF] new policy. Another surprising thing is to see the number of institutions that have expressed interest in investing in the banks.

[EL UNIVERSAL] Is the Investment Fund going to participate in the privatization of the nationalized banks?

[Matos] That is not part of the plan. At JEF, we have talked about the possibility of installing several working groups to give information and to make direct contact.... We are working on the idea of creating an interinstitutional group with a technical secretariat to provide information to interested investors. We have even proposed that a portion of the resources we are receiving for the sector's recovery program be allocated to it.

The Revitalization of the Bolivar

[EL UNIVERSAL] What elements would be included in the purchasing power recovery program?

[Matos] Now that the Social Benefits Committee has ended its work, we believe that we can, without going to any type of indexing, establish a program in 1995 to make the workers' purchasing power higher than the inflation increase. This objective, which we have proposed for 1995, is directly related to the decision to make positive changes to the social benefits law. Several people have contended that this implies an end to the workers' social benefits. That is not the case, because any alternative would have to be agreed upon by the workers and businessmen. There are, however, several technical elements in the document which, after the discussion process ends, will be totally different from how they were originally proposed.

[EL UNIVERSAL] Wouldn't this create the risk of the retirement fund turning into a new social security?

[Matos] Well, it depends on how you handle it. The workers, and I include myself in this group, also have a legitimate fear about what would have happened to our money if we would have placed it in the retirement fund that was originally proposed. Now, these are funds that, first, are 100-percent guaranteed by the state, and second, are subject to very strict laws on how those investments must be handled.

[EL UNIVERSAL] That speech is appropriate for paid workers. What is the speech for those who subsist in the informal sector?

[Matos] The difference between the government's focus and the Chilean model is that for us it is fundamental to maintain the principle of solidarity contained in the Constitution, which is very dear to the working class. That is why we thought a public fund that will guarantee the minimum to every worker should not be eliminated. Now, whoever wants a percentage over this minimum in his old age will have a right to a complementary fund.

[EL UNIVERSAL] At the beginning of this interview, you implied that the idea to have a conversion fund system, which was proposed by Steve Hanke, had been discarded. Does that mean that a Venezuelan-style conversion fund could be implemented?

[Matos] Truthfully, this requires very rigorous work in regards to the monetary policy. So far, we have done little in this regard. We must have an in-depth review before we can establish a relationship between the monetary and exchange policy. More importantly, however, is that we have a committee to work on this and that the BCV and the Finance Ministry participate. I believe this preliminary step is necessary for any type of mechanism.

[EL UNIVERSAL] Will the bolivar be devalued this year?

[Matos] Indicators show that the theories presented by several people are not accurate. There is no need for a devaluation because we can correct part of the fiscal deficit with the points I previously mentioned. Furthermore, indicators show it is not true that the level of overvaluation is affecting the country's exports.

The Matos Group

[EL UNIVERSAL] It has been said that finance ministers in Venezuela always represent an economic or family group. What group do you represent?

[Matos] A group of fishermen and peasants from the town where I was born. That is the only group I represent. It is also one of the things that has allowed me to make several decisions and to be accepted by several sectors. I hope I can maintain this image until the final part of this phase.

[EL UNIVERSAL] Is this the system's last chance?

[Matos] A lot of people ask that the president of the Republic be the one to make the economic proposals. I maintain a totally different position, and it is based on the characteristics of the Venezuelan political system. In Venezuela, the president is the chief of state and, at the same time, the chief of government. Other countries facing economic or political crises—Italy, Spain, and France, for example—have a sort of a cork that explodes when the temperature rises. The Venezuelan political system does not have that cork. To give you an answer on the system's stability, I would like to think that the minister that coordinates the economy has to be the cork.

The economy minister must come forward if a serious economic crisis arises. The loss of confidence must be reflected in the minister that coordinates the economy. I believe that in this way we would permanently separate the stability of our political system, which is one thing, from the functioning of the economy. This is very important, given the crisis we have experienced in the past years, to safeguarding the system's stability. That is to say, I don't think the stability of the system would be threatened if we behaved in this manner. What is definitely threatened is our viability as a country, as a country in the positive sense, and our projects for the future, because the bottlenecks that will come in 1996 and 1997 will be much more difficult than the ones we are experiencing in 1995.

[EL UNIVERSAL] Do you mean increased debt service?

[Matos] Yes, certain debts which we did not acquire will be due beginning in 1997. If we make the appropriate decisions in 1995, we can lead the way to feasible, healthy economic growth. If in 1995 we achieve a growth rate between 0 and 1 percent, which is not a fast growth rate, and at the same time overcome inflation, we will pave the way for the winners of the upcoming elections to perform perfectly well.

[EL UNIVERSAL] Certain business sectors fear you because you are said to be a communist.

[Matos] I firmly believe in the need for a strong state where it is required. I also believe in the need to open competitive possibilities in sectors where the private economy should carry out its activities. I believe in a strong state to protect savers and consumers whenever the market system fails. However, I believe that even the state enterprises must be required to become competitive instead of creating artificial protection mechanisms. I do believe that social policy is not an external component of the economic policy. I do not share the idea of maintaining an economic policy that only kills the poor and then gives a basket to those it has already annihilated. Every economic decision has to be examined to determine its political and social effects. After all, society is a whole.

Guyana

Opposition Questions Files on Alliance Official's Death

FL3103173795 Bridgetown CANA in English 1527
GMT 31 Mar 95

[FBIS Transcribed Text] Georgetown, Guyana, March 31, CANA—Police files crucial to an investigation of the death of historian-politician Dr. Walter Rodney in June, 1980 have finally turned up. But at least one opposition party is wondering whether key pieces of information were removed. Police said the files could not be found when a team from the International Commission of

Jurists (ICJ) sought them for a preliminary inquiry into the death of Dr. Rodney. But they were found after the team left.

Head of the Presidential Secretariat and Secretary to the Cabinet, Dr. Roger Luncheon, told the CARIBBEAN NEWS AGENCY he wrote Police Commissioner Laurie Lewis, expressing Cabinet's displeasure over the fact that Lewis had told the three-man ICJ team that the files on the Rodney investigation could not be found. Luncheon told CANA the letter was sent after Lewis had told him that the files had turned up in his office days after the ICJ team had left.

The ICJ team had complained to government that files crucial to the conduct of their inquiry could not be found and had been particularly harsh on the police for its failure to produce the Rodney files. The team had also criticised documents on the inquest, held eight years after Rodney's death as "scanty and unsatisfactory".

According to Luncheon, the letter to the commissioner specifically asked for an explanation of why the files could not be found in time for the ICJ team's perusal.

The ICJ team left Guyana last week after recommending to the Cheddi Jagan government that a full-fledged inquiry be held into the death of Rodney, of the Working People's Alliance (WPA). The WPA had always maintained that Rodney was assassinated by the then People's National Congress (PNC) government, of late President Forbes Burnham.

Co-leader of the WPA, Dr. Rupert Roopnarine, told CANA his party was relieved that the files have finally been found. "We support fully Dr. Luncheon's call for a full explanation from the Commissioner of Police," he added. He said the WPA "was left to wonder to what extent the files which mysteriously appeared had been sanitised or tampered with".

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